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COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

WRITTEN COMMENTS

ON

TECHNICAL CORRECTIONS TO U.S. TRADE LAWS AND MISCELLANEOUS DUTY SUSPENSION BILLS

APRIL 20, 2000

Printed for the use of the Committee on Ways and Means by its staff

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FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON TRADE

FOR IMMEDIATE RELEASE
April 20, 2000
No. TR–20

CONTACT: (202) 225–6649

Crane Announces Request for Written Comments on Technical Corrections to U.S. Trade Laws and Miscellaneous Duty Suspension Bills

Congressman Philip M. Crane (R–IL), Chairman, Subcommittee on Trade of the Committee on Ways and Means, today announced that the Subcommittee is requesting written comments for the record from all parties interested in technical corrections to U.S. trade laws and miscellaneous duty suspension proposals.

BACKGROUND:

In the first session of the 106th Congress, as part of the ongoing process of identifying technical changes to improve the trade laws, a number of proposals were submitted to the Subcommittee by the Administration, the business community, and the public for possible consideration for future legislation. Members also introduced legislation to provide temporary suspension of duty or duty-free treatment for certain specific products and to change other miscellaneous provisions. On August 12, 1999, Chairman Crane requested written public comments on a list of such bills that had been introduced by June 11, 1999, and requested the Administration's position on those bills, a report from the International Trade Commission (ITC), and budget scoring estimates from Congressional Budget Office (CBO) (See TR–15). Those comments are printed in WMCP: 106–8.

On January 11, 2000, Chairman Crane requested that all Members who planned to introduce similar legislation do so by March 1, 2000. Chairman Crane is now requesting public comment on those bills listed below and is requesting the Administration's position, an ITC report, and budget scoring estimates from CBO. After the comment period, the Subcommittee will review all comments to determine which bills should be included, together with bills from the list published last August, in a miscellaneous trade package. The Committee will consider the extent to which the bills create a revenue loss, operate retroactively, attract significant controversy, or are not administrable.

Congress passed the Miscellaneous Trade and Technical Corrections Act of 1999 (P.L. 106–36) in the first session of the 106th Congress, and the legislation was signed into law by the President on June 25, 1999.

SUMMARY OF BILLS:

H.R. 1622—The Dog and Cat Protection Act of 1999, to prohibit the importation of products made with dog or cat fur; to prohibit the sale, manufacture, offer for sale, transportation, and distribution of products made with dog or cat fur in the United States; and to impose civil and criminal penalties for violation of the Act.

H.R. 2881—Amends section 13031(b)(1)(A)(iii) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(b)(1)(A)(iii)) to allow for the collection of fees for Customs' services for the arrival of certain ferries.

H.R. 3276—Amends subchapter II of chapter 99 of the Harmonized Tariff Schedule of the United States (HTSUS) by inserting in numerical sequence the new heading 9902.28.01, Thionyl chloride (CAS No. 007719–09–7) (provided for in subheading 2812.10.50), as temporarily duty-free.

H.R. 3366—Amends subchapter II of chapter 99 of the HTSUS by inserting in the numerical sequence the new heading 9902.29.27, Phenylmethyl hydrazinecarboxylate (CAS No. 5331–43–1) (provided for in subheading 2928.00.25), as temporarily duty-free.

H.R. 3367—Amends subchapter II of chapter 99 of the HTSUS by inserting in the numerical sequence the new heading 9902.29.34, 2–1[ethoxyimino propyl]–3-hydroxy–5(2,4,6-trimethylphenyl)2-cyclohexen–1-one (Achieve) (CAS No. 87820–88–0) (provided for in subheading 2934.90.15), as temporarily duty-free.

H.R. 3368—Amends subchapter II of chapter 99 of the HTSUS by inserting in the numerical sequence the new heading 9902.29.33, 1-piperidinecarboxylic acid, 2-[(2,4—dichloro–5-hydroxyphenyl)hydrazono]-, methyl ester (KNOO2) (CAS No. 159393–46–1) (provided for in subheading 2933.39.61), as temporarily duty-free.

H.R. 3369—Amends subchapter II of chapter 99 of the Harmonized Tariff Schedule of the United States by inserting in the numerical sequence the new heading 9902.29.30, 2-imino–1-methoxycarbonyl-piperidine hydrochloride (KL08 4) (CAS No. 159393–48–3) (provided for in subheading 2933.39.61), with temporary duty reduction to 6.8 percent ad valorem for calender year 2000 and to 6.1 percent for calendar year 2001.

H.R. 3370—Amends subchapter II of chapter 99 of the HTSUS by inserting in the numerical sequence the new heading 9902.29.35, 2-(Methoxycarbonyl) Benzylsulfonamide (IN–N5297) (CAS No. 59777–72–9) (provided for in subheading 2935.00.75), as temporarily duty-free.

H.R. 3371—Amends subchapter II of chapter 99 of the HTSUS by inserting in the numerical sequence the new heading 9902.38.01, Methyl(E)–2(2-[6-(2-cyanophonoxy)pyrimidin–4-yloxy]pkhenyl)–3-methoxyacrylate (azoxystrobin formulated "Heritage," "Abound," and "Quadris") (CAS No. 13860–33–8) (provided for in subheading 3808.20.15), with a temporary duty reduction to 5.7 percent ad valorem.

H.R. 3474—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.38.08, Fungaflor 500 EC, in preparation form, as a fungicide for citrus fruit (provided for in subheading 3808.20.15), as temporarily duty-free.

H.R. 3475—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.20, NORBLOC 7966, in bulk active form as a benzotriazole stabilizer (CAS No. 96478–09–0) (provided for in subheading 2933.90.79), as temporarily duty-free.

H.R. 3476—Amendssubchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.10, Imazalil, as the active ingredient in fungicides for citrus fruit (CAS No. 73790–28–0) (provided for in subheading 2933.29.35), as temporarily duty-free.

H.R. 3604—Provides for the liquidation or reliquidation of certain identified entries in accordance with a final decision of the U.S. Department of Commerce under the Tariff Act of 1930.

H.R. 3684—Amends section 313 of the Tariff Act of 1930 to allow duty drawback for grape juice concentrates made from Concord or Niagara grapes.

H.R. 3704—Amends chapter 95 of the HTSUS by striking subheading 9503.70.00 and inserting new subheadings and superior text, to reclassify certain toys in 9503.70.10 (dress-up sets and outfits, marketed year-round for role-play activity, whether or not of textile materials, and parts and accessories thereof); and in 9503.70.20 (other toys put up in sets or outfits, and parts and accessories thereof). The bill also amends the headnotes to chapter 95 and applies retroactively.

H.R. 3714—Amends heading 9902.32.12 of subchapter II of chapter 99 of the HTSUS to extend the temporary duty suspension on DEMT.

H.R. 3715—Amends chapter 70 of the HTSUS to revise the article description for monochrome glass envelopes to be eligible for duty-free treatment.

H.R. 3716—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.17, 9-Anthracene-carboxylic acid, (triethoxysilyl) methyl ester (a certain ultraviolet dye) (provided for in subheading 2918.90.90), as temporarily duty-free.

H.R. 3717—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new subheading 9902.38.20, 3-(3,5-dichlorophenyl)–5-ethenyl–5-methyl–2,4-oxazolidinedione (Vinclozolin) (CAS No. 50471–44–8) (provided for in subheading 3808.20.15), as temporarily duty-free.

H.R. 3718—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.64, (E)–2-[1-[[(3-chloro–2-propenyl) oxy] imino] propyl] − 3-hydroxy–5 (tetrahydro–2H-pyran–4-yl)–2-cyclohexen–1 -one (Tepraloxydim) CAS No. 149979–41–9) (provided for in subheading 3808.30.50), as temporarily duty-free.

H.R. 3719—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new subheading 9902.38.30, 2-tert-butyl–5-(4-tert-butylbenzylthio)–4-chloro-pyridazin–3(2H)-one (Pyridaben) (CAS No. 96489–71–3) (provided for in subheading 3808.30.15), as temporarily duty-free.

H.R. 3720—Amends subchapter II of chapter 99 of the HTSUS by inserting the new subheading 9902.29.39, 2-Acetylnicotinic acid (CAS No. 89942–59–6) (provided for in subheading 2933.39.61), as temporarily duty-free.

H.R. 3721—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new subheading 9902.21.06, S-adenosylmethionine 1.4 butanedisulfonate (SAMe) (CAS No. 557–04–0) (provided for in subheading 2106.90.99), as temporarily duty-free.

H.R. 3722—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new subheading 9902.32.04, 1,5-Naphthalenedisulfonic acid, 2-((8-((4-chloro–6-((3-(((4-choloro–6-((7-((1,5-disulfo–2-naphthalenyl)azo)–8-hydroxy–3,6-disulfo–1-naphthlenyl)amino)–1,3,5-triazin–2-yl)amino)methyl) phenyl)amino)–1,3,5-triazin–2-yl)amino)–1-hydroxy–3,6-disulfo–2-naphthalenyl)azo)-, octa-(Procion Crimson H-EXL) (CAS No. 186554–26–7) (provided for in subheading 3204.16.30), as temporarily duty-free.

H.R. 3723—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new subheading for Dispersol Crimson SF Grains 9902.32.05, a mixture of Benzo (1,2-b:4,5-b)difuran–2,6-dione,3-phenyl–7-(4-propoxyphenyl)-, (CAS No. 79694–17–0); acetic acid (4–2,6-dihydro–2,6-dioxo–7-phenylbenzo(1,2-b:4,5-b)difuran–3-yl)-phenoxy)–2-ethoxyethyl) ester (CAS No. 126877–05–2); and acetic acid (4-(2,6-dihydro–2,6-dioxo–7-(4-propoxphenyl)benzo(1,2-b:4,5-b)difuran–3-yl)phenoxy)-phenoxy)-, 2-ethoxyethyl ester (CAS No. 126877–06–3) (provided for in subheading 3204.11.35), as temporarily duty-free.

H.R. 3724—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new subheading for Procion Navy H-EXL 9902.32.09, a mixture of 2,7-Naphthalenedisulfonic acid, 4-amino–3,6-bis[[5-[[4-chloro–6-[(2-methyl–4-sulfophenyl) amino]–1,3,5-triazin–2-yl]amino]–2-sulfophenyl]azo]–5-hydroxy-, hexasodium salt (CAS No. 186554–27–8); and 1,5-Naphthalenedisulfonic acid, 2-((8-((4-chloro–6-((3-(((4-chloro–6-((7-((1,5-disulfo–2-naphthalenyl)azo)–8-hydroxy–3,6-disulfo–1-naphthlenyl)amino)–1,3,5-triazin–2-yl)amino) methyl)phenyl)amino)–1,3,5-triazin–2-yl)amino)–1-hydroxy–3,6-disulfo–2-naphthalenyl)azo)-, octa-(CAS No. 186554–26–7) (provided for in subheading 3204.16.30),as temporarily duty-free.

H.R. 3725—Amends subchapter II of chapter 99 of the HTSUS by striking heading 9902.32.43 and inserting the new subheading for Procion Yellow H–EXL 9902.32.43, a mixture of 1,5-Naphthalenedisulfonic acid, 3,3-((3-methyl (CAS No. 72906–24–2) and the 4-methyl compound − 1,2-phyenylene)bis(imino(6-chloro–1,3,5-triazine–4,2-diyl)imino(2-(acetylamino)–5-methoxy–4,1-phenylene)azo))bis-, tetrasodium salt (CAS No. 72906–25–3) (provided for in subheading 3204.16.30),as temporarily duty-free.

H.R. 3726—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.01, O-phenyl phenol (ortho-phenyl

phenol (";OPP")) (CAS No. 90–43–7) (provided for in subheading 2907.19.80), as temporarily duty-free.

H.R. 3727—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new subheading 9902.29.16, 2-Methoxy–1-Propene (2-Methoxypropene) (CAS No. 116–11–0) (provided for in subheading 2909.19.18), as temporarily duty-free.

H.R. 3728—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new subheading 9902.29.55, 3,5-Difluroaniline (CAS No. 372–39–4) (provided for in subheading 2921.42.65), with a temporary duty reduction to 6.3 percent ad valorem.

H.R. 3729—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new subheading 9902.29.46, 3,7-dichloro–8-quinoline carboxylic acid (Quinclorac) (CAS No. 84087–01–4) (provided for in subheading 2933.40.30), with a temporary duty reduction to 5.0 percent ad valorem.

H.R. 3730—Amends subchapter II of chapter 99 of the HTSUS by inserting the new subheading for Dispersol Black XF Grains 9902.32.44, a mixture of Napthalenesulfonic acid, polymer with formaldehyde, sodium salt (CAS No. 36290–04–7); .beta.-Alanine, N-(4-((2-bromo–6-choloro–4-nitrophenyl)azo)phenyl)-N-(3-methoxy–3-oxoproply)-, methyl ester (CAS No. 59709–38–5); Ethanol, 2,2-((4-((3,5-dinitro–2-thienyl)azo)phenyl) imino)bis-, diacetate (ester) (CAS No. 42783–06–2); and .beta.-Alanine, N-(3-(acetylamino)–4-((2,4-dinitrophenly)azo)phenyl)-N-(3-methoxy–3-oxoproply)-, methyl ester (CAS No. 42783–06–2); and (CAS No. 70729–65–6) (the foregoing provided for in subheading 3204.11.35), as temporarily duty-free

H.R. 3731—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.01, Fluroxypyr 1-methylheptyl ester (1-methylheptyl 4 aminooo–3,5-dichloro–6-fluoro–2-pyridyloxyacetate (fluroxypyr 1-methylheptyl ester (FME)) (CAS No. 81406–37–3) (provided for in subheading 2933.39.25), as temporarily duty-free.

H.R. 3733—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.39.01, Ethylene/tetra-fluoroethylene copolymer (ETFE) (provided for in subheading 3904.69.50), with a temporary duty reduction to 3.0 percent ad valorem.

H.R. 3734—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.04, Copper, [29H,31H-phthalocyaninate(2-)-N29,N30,N31,N32]-, brominated chlorinated (monolite green 860) (CAS No. 68512–13–0) (provided for in subheading 3204.17.90), as temporarily duty-free.

H.R. 3735—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.02, Copper, [29H,31H-phthalocyaninato(2-)-N29,N30,N31,N32]-, brominated chlorinated (monolite green 952) (CAS No. 68512–13–0) (provided for in subheading 3204.17.60), as temporarily duty-free.

H.R. 3736—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.38.01, Octadecanoic acid, 12-hydroxy-, homopolymer, reaction products with N,N-dimethyl–1,3-propanediamine di-Me sulfate-quaternized (solsperse 17260) (CAS No. 70879–66–2) (provided for in subheading 3824.90.28), as temporarily duty-free.

H.R. 3737—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.38.02, Octadecanoic acid, 12-hydroxy-, homopolymer, reaction products with N,N-dimethyl–1,3-propanediamine,di-Me sulfate-quaternized (solsperse 17000) (CAS No. 70879–66–2) (provided for in subheading 3824.90.40), as temporarily duty-free.

H.R. 3738—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.38.03, 1-Octadecanaminium, N,N-dimethyl-N-octadecyl-, (SP–4–2)-[29H,31H-phthalocyanine–2-sulfonate (3-).kappa.N29, .kappa.N30,.kappa.N31, .kappa.N32]cuprate(1-) (solsperse 5000) (CAS No. 70750–63–9) (provided for in subheading 3824.90.28), as temporarily duty-free.

H.R. 3739—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.03, 5,9,14,18-Anthrazinetetrone,6,15-dihydro-(monolite blue 3R) (CAS No. 81–77–6) (provided for in subheading 3204.17.9085), as temporarily duty-free.

H.R. 3740—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.01, Tetraacetylethylenediamine (certain TAED chemicals) (CAS Nos. 10543–57–4, 61791–28–4, 9004–32–4, 1328–53–6, 147–14–8, 1302–78–9, and 14808–60–7) (provided for in subheading 2924.10.10), as temporarily duty-free.

H.R. 3741—Amends subchapter II of chapter 99 of the HTSUS in heading 9902.39.07 to extend the temporary suspension of duty on a certain polymer to December 31, 2003.

H.R. 3742—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.01, Isobornyl acetate (CAS No. 125–12–2) (provided for in subheading 2915.39.45), as temporarily duty-free.

H.R. 3743—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.34.01, Sodium petroleum sulfonate (CAS No. 68608–26–4) (provided for in subheading 3402.11.50), as temporarily duty-free.

H.R. 3746—Amends subchapter II of chapter 99 of the HTSUS in heading 9902.29.07 to extend the temporary suspension of duty on 4-hexylresorcinol to December 31, 2003.

H.R. 3747—Amends subchapter II of chapter 99 of the HTSUS in heading 9902.29.37 to extend the temporary suspension of duty on certain sensitizing dyes to December 31, 2003.

H.R. 3748—Amends subchapter II of chapter 99 of the HTSUS in heading 9902.32.07 to extend the temporary suspension of duty on certain organic pigments and dyes to December 31, 2003.

H.R. 3751—Amends subchapter II of chapter 99 of the HTSUS in heading 9902.71.08 to extend the temporary suspension of duty on certain semi-manufactured forms of gold to December 31, 2003.

H.R. 3752—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.01, 4-Nitro-o-xylene (CAS No. 99–51–4) (provided for in subheading 2904.20.15), as temporarily duty-free.

H.R. 3753—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new subheading 9902.74.10, certain copper foils (provided for in subheading 7410.11.00), as temporarily duty-free.

H.R. 3754—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new subheading 9902.38.02, certain activated carbon (provided for in subheading 3802.10.00), as temporarily duty-free.

H.R. 3755—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new subheading 9902.84.60, certain buff brushes (provided for in subheading 8466.93.95), as temporarily duty-free.

H.R. 3757—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.73, Solvent Blue 124 (CAS No. 29243–26–3) (provided for in subheading 3204.19.20), as temporarily duty-free.

H.R. 3758—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.72, Solvent Blue 104 (CAS No. 116–75–6) (provided for in subheading 3204.19.20), as temporarily duty-free.

H.R. 3759—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.74, Pigment Red 176 (CAS No. 12225–06–8) (provided for in subheading 3204.14.04), as temporarily duty-free.

H.R. 3760—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.96, Benzensulfonamide,4-amino–2,5-dimethyoxy-N-phenyl (CAS No. 52298–44–9) (provided for in subheading 2935.00.10), as temporarily duty-free.

H.R. 3762—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.01, 10-Undecylenic acid (CAS No. 112–38–9) (provided for in subheading 2916.19.30), as temporarily duty-free.

H.R. 3763—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.02, n-Heptaldehyde (CAS No. 111–71–7) (provided for in subheading 2912.19.50), as temporarily duty-free.

H.R. 3764—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.03, n-Heptanoic acid (CAS No. 111–14–8) (provided for in subheading 2915.90.18), as temporarily duty-free.

H.R. 3772—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.04, Pigment Yellow 199 (CAS No. 136897–58–0) (provided for in subheading 3204.17.60), as temporarily duty-free.

H.R. 3773—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.10, Pigment Blue 60 (CAS No. 81–77–6) (provided for in subheading 3204.17.90), as temporarily duty-free.

H.R. 3774—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.09, Solvent Violet 13 (CAS No. 81–48–1) (provided for in subheading 3204.19.20), as temporarily duty-free.

H.R. 3775—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.05, Solvent Blue 67 (CAS No. 81457–65–0) (provided for in subheading 3204.19.11), as temporarily duty-free.

H.R. 3776—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.17, Pigment Yellow 147 (CAS No. 4118–16–5) (provided for in subheading 3204.17.60), as temporarily duty-free.

H.R. 3777—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.20, Pigment Yellow 191.1 (CAS No. 154946–66–4) (provided for in subheading 3204.17.60), as temporarily duty-free.

H.R. 3778—Amends subheadings 8477.10.40 and 8479.89.85 of the HTSUS to provide duty-free treatment for, and clarify the classification of, machines and components used in the manufacture of digital versatile discs (DVDs).

H.R. 3779—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.84.01, machines or mechanical appliances, whether imported separately or as an entirety, and parts thereof, for use in the manufacture of DVDs (provided for in subheading 8456.99.90), as temporarily duty-free.

H.R. 3780—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.84.06, In-Line System Machines, whether imported as an entirety, or in components, or parts thereof, for use in the manufacture of DVDs (provided for in subheading 8479.89.97), as temporarily duty-free.

H.R. 3781—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.84.02, machines or mechanical appliances, whether imported separately or as an entirety, and parts thereof, for use in the manufacture of DVDs (provided for in subheading 8460.40.40), as temporarily duty-free.

H.R. 3782—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.84.07, Laser Encoder Machines, whether imported as an entirety, or in components, or parts thereof, for use in the manufacture of DVDs (provided for in subheading 8479.89.97), as temporarily duty-free.

H.R. 3783—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.84.03, machines or mechanical appliances, whether imported separately or as an entirety, and parts thereof, for use in the manufacture of DVDs (provided for in subheading 8462.41.00), as temporarily duty-free.

H.R. 3784—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.84.08, electrical machines and apparatus, whether imported separately or as an entirety, and parts thereof, for use in the manufacture of DVDs (provided for in subheading 8543.30.00), as temporarily duty-free.

H.R. 3785—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.84.04, machines or mechanical appliances, whether imported separately or as an entirety, and parts thereof, for use in the manufacture of DVDs (provided for in subheading 8464.20.50), as temporarily duty-free.

H.R. 3786—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.84.09, electrical machines and apparatus, whether imported separately or as an entirety, and parts thereof, for use in the manufacture of DVDs (provided for in subheading 8543.89.96), as temporarily duty-free.

H.R. 3787—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.84.05, machines or mechanical appliances, whether imported separately or as an entirety, and parts thereof, for use in

the manufacture of DVDs (provided for in subheading 8464.90.90), as temporarily duty-free.

H.R. 3788—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.84.15, Coater machines, whether imported as an entirety, or in components, or parts thereof, for use in the manufacture of DVDs (provided for in subheading 8479.89.97), as temporarily duty-free.

H.R. 3789—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.84.13, machines or mechanical appliances, whether imported separately or as an entirety, and parts thereof, for use in the manufacture of DVDs (provided for in subheading 8477.10.90), as temporarily duty-free.

H.R. 3790—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the f new heading 9902.84.16, Bonding machines, whether imported as an entirety, or in components, or parts thereof, for use in the manufacture of DVDs (provided for in subheading 8479.89.97), as temporarily duty-free.

H.R. 3791—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.84.14, Stacker machines, whether imported as an entirety, or in components, or parts thereof, for use in the manufacture of DVDs (provided for in subheading 8479.89.97), as temporarily duty-free.

H.R. 3792—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.84.17, Gold sputter machines, whether imported as an entirety, or in components, or parts thereof, for use in the manufacture of DVDs (provided for in subheading 8479.89.97), as temporarily duty-free.

H.R. 3793—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.84.18, Aluminum sputter machines, whether imported as an entirety, or in components, or parts thereof, for use in the manufacture of DVDs (provided for in subheading 8479.89.97), as temporarily duty-free.

H.R. 3794—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.84.19, machines or mechanical appliances, whether imported separately or as an entirety, and parts thereof, for use in the manufacture of DVDs (provided for in subheading 8480.79.90), as temporarily duty-free.

H.R. 3795—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.84.21, measuring or checking instruments, appliances, or machines, whether imported separately or as an entirety, and parts thereof, for use in the manufacture of DVDs (provided for in subheading 9031.49.90), as temporarily duty-free.

H.R. 3796—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.01, 2-Methyl–4-chlorophenoxyacetic acid (CAS No. 9021–09–6) (provided for in subheading 2918.90.20), as temporarily duty-free.

H.R. 3797—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.02, 2,4-Dichlorophenoxyacetic acid, its salts and esters (CAS No. 29091–09–6) (provided for in subheading 2918.90.20), as temporarily duty-free.

H.R. 3801—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.38.01, Iminodisuccinate (CAS No. 144538–83–0) (provided for in subheading 3824.90.90), as temporarily duty-free.

H.R. 3802—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.38.02, Iminodisuccinate salts and aqueous solutions (provided for in subheading 3824.90.90), as temporarily duty-free.

H.R. 3803—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.85.04, (120/60Hz electrical transformers (provided for in subheading 8504.31.40), with dimensions not exceeding 78mm by 64.5mm by 88.7mm and containing stacked EI laminations with an integral bobbin, imported for use as components in radiobroadcast receivers with digital clock or clock-timer, valued over $40 each) (provided for in subheading 8527.32.50), the foregoing which include a resonant system tuned to at least five audible , as temporarily duty-free.

H.R. 3804—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.85.05, 120/60Hz electrical transformers (provided for in subheading 8504.31.40), with dimensions not exceeding 51.7mm by

78mm by 91mm and each containing a layered and uncut round core with two balanced bobbins, imported for use as components in radio recorder combinations, incorporating optical disc (including compact disc) players or recorders (provided for in subheading 8527.31.60), the foregoing which include a resonant system tuned to at least five audible frequencies, as temporarily duty-free.

H.R. 3805—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.39.01, Polyvinylchloride (PVC) self-adhesive sheets of a type used to make bandages (provided for in subheading 3919.19.50), as temporarily duty-free.

H.R. 3808—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.01, BEPD 2-Butyl–2-ethylpropanediol (CAS No. 115–84–4) (provided for in subheading 2905.39.90), as temporarily duty-free.

H.R. 3813—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.01, Cyclohexadee–8-en–1-one (CHD) (CAS No. 3100–36–5) (provided for in subheading 2914.29.50), as temporarily duty-free.

H.R. 3818—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.17, 2-ethylbexyl 3-(4-methoxyphenyl)–2-propenoate (octylmethoxycinnamate) (CAS No. 5466–77–3) (provided for in subheading 2918.90.30), as temporarily duty-free.

H.R. 3820—To provide for the liquidation or reliquidation of certain identified entries of carbides.

H.R. 3821—To provide for the liquidation or reliquidation of certain identified color television receiver entries.

H.R. 3828—Amends subchapter II of chapter 99 of the HTSUS by inserting the new heading 9902.29.33, N-Cyclopropyl-N-(1,1-dimethylethy)–6-(methylthio)–1,3,5-triazine–2,4-diamine (a paint additive chemical) (certain polyamides) (CAS No. 28159–98–0) (provided for in subheading 2933.69.60), as temporarily duty-free.

H.R. 3837—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.01, Ortho-cumyl-octylphenol (OCOP) (CAS No. 73936–80–8) (provided for in subheading 2907.19.80), as temporarily duty-free.

H.R. 3838—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.39.08, Micro-porous ultra fine spherical forms of polyamides 6, 12, and 6/12 powder (provided for in subheading 3908.10.00), as temporarily duty-free.

H.R. 3853—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new subheading 9902.38.14, a certain Alkylsulfonie Acid Ester of Phenol (Mesamoll) (CAS No. 70775–94–9)(provided for in subheading 3812.20.10), as temporarily duty-free.

H.R. 3854—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new subheading 9902.38.30, a mixture of N-Phenyl-N-((trichloromethyl)thio)-Benzenesulfonamide; calcium carbonate; and mineral oil (Vulkalent E/C) (provided for in subheading 3824.90.28), as temporarily duty-free.

H.R. 3855—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new subheading 9902.29.34, a certain 3,4-ethylenedioxythiophene (Baytron M) (CAS No. 126213–50–1) (provided for in subheading 2934.90.90), as temporarily duty-free.

H.R. 3856—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new subheading 9902.38.15, a certain catalytic preparation based on Iron (III) toluenesulfonate (Baytron C-R) (CAS No. 77214–82–5) (provided for in subheading 3815.90.50), as temporarily duty-free.

H.R. 3858—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.21.01, Preparations with a basis of extracts, essences, or concentrates of tea or mate, or with a basis of tea or mate, described in additional U.S. note 8 to chapter 7 and entered pursuant to its provisions (provided for in subheading 2101.20.54), as temporarily duty-free.

H.R. 3868—To provide for the reliquidation of certain identified entries of vacuum cleaners as duty-free.

H.R. 3869—To provide for the liquidation or reliquidation of certain identified entries of copper and brass sheet and strip.

H.R. 3875—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new subheading 9902.84.02, Watertube boilers with a steam production exceeding 45 t per hour, for use in nuclear facilities (provided for in subheading 8402.11.00), as temporarily duty-free.

H.R. 3876—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.39.01, a certain mixture of water and poly(3,4-ethylene-dioxythiophene)-poly (styrenesulfonate) (cationic) (Baytron P) (CAS No. 155090–83–8) (provided for in subheading 3911.90.25), as temporarily duty-free.

H.R. 3877—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.01, Dimethyl dicarbonate (CAS No. 4525–33–1) (provided for in subheading 2920.90.50), as temporarily duty-free.

H.R. 3930—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.01, 2,4-dichloro–5-hydroxyhydrazine hydrochloride (KN001 (a hydrochloride)) (CAS No. 189573–21–5) (provided for in subheading 2928.00.25), as temporarily duty-free.

H.R. 3931—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.02, Methyl thioglycolate (CAS No. 2365–48–2) (provided for in subheading 2930.90.90), as temporarily duty -free.

H.R. 3932—Amends subchapter II of chapter 99 of the HTSUS is amended by inserting in numerical sequence the new heading 9902.29.03, Methyl–4-trifluoromethoxyphenyl-N-(chlorocarbonyl) carbamate (KL540) (CAS No. 173903–15–6) (provided for in subheading 2924.29.70), as temporarily duty-free.

H.R. 3933—Amends subchapter II of chapter 99 of the HTSUS is amended by inserting in numerical sequence the new heading 9902.29.04, (S)–6-chloro–3,4-dihydro–4-E-cyclopropylethenyl–4-trifluoromethyl–2(1H)-quinozolinone (DPC 083) (CAS No. 214287–99–7) (provided for in subheading 2933.90.46), as temporarily duty-free.

H.R. 3934—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.20.05, (S)–6-chloro–3,4-dihydro–4-cyclopropylethynyl–4-trifluoromethyl–2(1H)-quinozolinone (DPC 961) (CAS No. 214287–88–4) (provided for in subheading 2933.90.46), as temporarily duty-free.

H.R. 3935—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902—-—,5-[4-(4,5-dimethyl–2-sulfophenylamino)–6-hydroxy-[1,3,5-] triazin–2-yl amino]–4-hydroxy–3-(1-sulfonaphthalen–2-ylazo)-naphthalene–2,7-disulphonic acid, sodium/ammonium salt (Pro-Jet Magenta 364 Stage) (provided for in subheading 3204.14.3000), as temporarily duty-free.

H.R. 3936—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902-—-—,5-[4-(7-amino–1-hydroxy–3-sulfonaphthalen–2-ylazo)–2,5-bis-(2-hydroxy-ethoxy)-phenylazo]-isophthalic acid, lithium salt (Pro-Jet Black 263 Stage) (provided for in subheading 3204.14.3000), as temporarily duty-free.

H.R. 3937—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.48, Pigment Yellow 184 (provided for in subheading 3206.49.5000), as temporarily duty-free.

H.R. 3938—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.02, 1,5-Naphthalenedisulfonic acid, 3,3-[[6-[(2-hydroxyethyl)amino]–1,3,5-triazine–2,4-diyl]bis[imino (2-methyl–4, 1-phenylene)azo]]bis-, tetrasodium salt (Pro-Jet Yellow 1 Stage) (CAS No. 50925–42–3), as temporarily duty-free.

H.R. 3939—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.25, Pigment Orange 73 (CAS No. 84632–59–7) (provided for in subheading 3204.17.6085), as temporarily duty-free.

H.R. 3940—Amends subchapter II of chapter 99 of the HTSUS is amended by inserting in numerical sequence the new heading 9902.32.03, 2,7-Naphthalenedisulfonic acid, 4-amino–3,6-bis [[4-[(2,4-diaminophenyl) azo]phenyl]azo]–5-hydroxy-(Direct Black 19 Press Paste) (CAS No. 7518–68–5) (provided for in subheading 3204.14.5000), as temporarily duty-free.

H.R. 3941—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.04, Trisodium 4-amino–3-[[4-[[4-[(2-amino–4-hydroxyphenyl) azo] phenyl] amino]–3-sulphonatophenyl] azo]–5-hydroxy–6-(phenylazo) naphtalene–2,7-disulphonate (Pro-Jet Black HSAQ Stage) (CAS No. 85631–88–5) (provided for in subheading 3204.14.3000), as temporarily duty-free.

H.R. 3942—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.09, 1,3-Benzenedicarboxylic acid, 5-[[4-[(7-amino–1-hydroxy–3-sulfo–2-naphthalenyl)azo]–6-sulfo–1-naphthalenyl]azo]-, sodium salt (Pro-Jet Fast Black 286 Paste) (CAS No. 201932–24–3) (provided for in subheading 3204.14.3000), as temporarily duty-free.

H.R. 3943—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.21, Benzenesulfonic acid, 3,3-[carbonyl bis[imino (3-methoxy–4,1-phenylene)azo]] bis-disodium salt (Pro-Jet Yellow 1G Stage) (CAS No. 10114–86–0) (provided for in subheading 3204.14.5000), as temporarily duty-free.

H.R. 3944—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.28, Pigment Red 255 (CAS No. 54660–00–3) (provided for in subheading 3204.17.6085), as temporarily duty-free.

H.R. 3945—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.20, Copper, [29H,31H-phthalocyaninato(2-) -N29,N30, N31,N32]-, aminosulfonyl sulfo derivs. (Pro-Jet Cyan 1 Press Paste) (CAS No. 80146–12–9) (provided for in subheading 3204.14.50), as temporarily duty-free.

H.R. 3946—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.05, a 2:1 mixture of; a) tris(3,5,5-trimethylhexylammonium) 4-amino–3-{4-[4-(4-amino–2-hydroxyphenylazo)anilino]–3-sulphonatophenylazo}–5,6-dihydro–5-oxo–6-phenylhydrazonaphthalene–2,7-disulphonateb) tris(3,5,5-trimethylhexylammonium) 4-amino–3-{4-[4-(2-amino–2-hydroxyphenylazo)anilino]–3-sulphonatophenylazo}–5,6-dihydro–5-oxo–6-phenylhydrazonaphthalene–2,7-disulphonate (Pro-Jet Black Alc Powder) (provided for in subheading 3204.14.3000), as temporarily duty-free.

H.R. 3947—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.32, Solvent Yellow 163 (CAS No. 13676–91–0) (provided for in subheading 3204.19.2090), as temporarily duty-free.

H.R. 3948—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.10, 1,3-Benzenedicarboxylic acid, 5,5-[[6-(4-morpholinyl)–1,3,5-triazine–2,4-diyl]bis(imino–4,1-phenyleneazo)]bis-, ammonium/sodium/hydrogen salt (Pro-Jet Fast Yellow 2 RO Feed) (provided for in subheading 3204.14.3000), as temporarily duty-free.

H.R. 3949—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.46, Solvent Yellow 145 (CAS No. 27425–55–4) (provided for in subheading 3204.19.2595), as temporarily duty-free.

H.R. 3950—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.15, 1,3-Benzenedicarboxylic acid, 5,5-[(2,5-dimethyl–1,4-piperazinediyl)bis[(1,6-dihydro–6-oxo–1,3,5-triazine–4,2-diyl)imino(8-hydroxy–3,6-disulfo–1,7-naphthalenediyl)azo]]bis-, ammonium/sodium/hydrogen salt (Pro-Jet Fast Magenta 2 RO Feed) (provided for in subheading 3204.14.3000), as temporarily duty free.

H.R. 3951—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.47, Pigment Red 264 (CAS No. 88949–33–1) (provided for in subheading 3204.17.6085), as temporarily duty-free.

H.R. 3952—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.17, Copper, [29H,31H-phthalocyaninato(2-)-N29,N30, N31,N32]-, [(3-carboxyphenyl)amino]sulfonyl sulfo derivs., ammonium sodium hydrogen salts (Pro-Jet Fast Cyan 2 Stage) (provided for in subheading 3204.14.3000), as temporarily duty-free.

H.R. 3953—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.23, [(2-hydro-xyethylsul-famoyl)sulfo-phthalo-cyaninato] copper (II), mixed isomers (Pro-Jet Cyan 485 Stage) (provided for in subheading 3204.14.3000), as temporarily duty-fee.

H.R. 3954—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.38.01, Methyl 2-[[[[[–4(dimethylamino) −6-(2,2,2-trifluoroethoxy) −1,3,5-triazin–2-yl] -amino]carbonyl] amino]sulfonyl]–3-methylbenzoate (a triflusulfuron methyl formulated product) (CAS No. 126535–15–7) (provided for in subheading 3808.10.15), as temporarily duty-free.

H.R. 3955—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.24, Copper, [29H, 31H-phthalocyaninato (2-)-xN29, xN30, xN31, xN32]-, [[2-[4-(2-amino-ethyl)–1-piper-

azinyl]ethyl]-amino]sulfonyl aminosulfonyl [(2-hydroxy-ethyl)amino]-sulfonyl [[2-[[2-(1-piperazinyl)-ethyl]amino)-ethyl]amino]-sulfonyl sulfo derivs., sodium salts (Pro-Jet Fast Cyan 3 Stage) (provided for in subheading 3204.14.3000), as temporarily duty-free.

H.R. 3956—Amends subchapter II of chapter 99 of the HTSUS by inserting in the numerical sequence the new heading 9902.32.02, Copper, [29H, 31H-phthalocyaninato(2-)-N29, N30, N31, N32]-, aminosulfonyl sulfo derivs., sodium salts (Pro-Jet Cyan 1 RO Feed) (CAS No. 80146–12–9) (provided for in subheading 3204.14.50), with a temporary duty reduction to 9.5 percent ad valorem.

H.R. 3957—Amends subchapter II of chapter 99 of the HTSUS by inserting in the numerical sequence the new heading 9902.32.03, 1,3-benzenedicarboxylic acid, 5-[[4-[(7-amino–1-hydroxy–3-sulfo–2-naphthalenyl) azo]–1-naphthalenyl] azo]-, trisodium salt (Pro-Jet Fast Black 287 NA Paste/Liquid Feed) (CAS No. 160512–93–6) (provided for in subheading 3204.14.30), with a temporary duty reduction to 7.8 percent ad valorem.

H.R. 3958—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.49, Pigment Yellow 168 (CAS No. 71832–85–4) (provided for in subheading 3204.17.6085), as temporarily duty-free.

H.R. 3959—Amends subchapter II of chapter 99 of the HTSUS by inserting the new heading 9902.29.22, 4-(Cyclopropyl-a-hydroxy-methylene)–3,5-dioxo-cyclohexanecarboxylic acid ethyl ester (CAS No. 95266–40–3) (provided for in subheading 2916.20.50), as temporarily duty-free.

H.R. 3960—Amends subchapter II of chapter 99 of the HTSUS by inserting the new heading 9902.29.38, 8-a-oxo-emamectin benzoate desmethylemamectin benzoate emamectin benzoate methanol adduct 2-epl-emamectin benzoate emamectin benzoate isomer, 4-epl-D–2,3-emamectin benzoate dihydroemamectin benzoate (CAS No. 137512–74–4) (provided for in subheading 2938.90.00), as temporarily duty-free.

H.R. 3961—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.38.10, Propanoic acid, 2-[4-[(5-chloro–3-fluoro–2-pyridinyl)oxy]-phenoxy]–2-propynyl ester (CAS No.105512–06–9) (provided for in subheading 3808.30.15), as temporarily duty-free.

H.R. 3962—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.38.21, Certain end-use products containing benzenesulfonamide, 2-(2-chloroethoxy)N-[[4methoxy–6-methyl–1,3,5-triazin–2-yl)amino] carbonyl]-(CAS No. 82097–50–5) and 3,6-dichloro–2-methoxybenzoic acid (CAS No. 1918–00–9) (provided for in subheading 3809.30.15), as temporarily duty-free.

H.R. 3963—Amends subchapter II of chapter 99 of the HTSUS by striking heading 9902.29.41 and inserting the new heading 9902.29.41, Benzeneacetic acid, (E,E)-a-(-(methoxyimino) −2[[[[1-[3-trifluoromethyl) phenyl] ethylidene] amino]oxy] methyl]-, methyl ester (CAS No. 141517–21–7) (provided for in subheading 2930.90.10), as temporarily duty-free.

H.R. 3964—Amends subchapter II of chapter 99 of the HTSUS by inserting the new heading 9902.29.39, 3-[4,6-Bis (difluoromethoxy)-pyrimidin–2-yl]–1-(2-methoxy-carbonyl-phenylsulfonyl) urea (CAS No. 86209–51–05) (provided for in subheading 2935.00.75), as temporarily duty-free.

H.R. 3965—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.25, 5-Dipropylamino-a,a,a-trifluoro–4,6-dinitro-o-toluidine (CAS No. 29091–21–2) (provided for in subheading 2921.43.80), as temporarily duty-free.

H.R. 3966—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.38.13, Sulfur (CAS No. 7704–34–9) (provided for in subheading 3808.20.50), as temporarily duty-free.

H.R. 3967—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the f new heading 9902.38.09, 3-(6-methoxy–4-methyl–1,3,5-triazin–2-yl)–1-[2-(2-chloro-ethoxy)-phenylsulfonyl]-urea (CAS No. 82097–50–5) (provided for in subheading 3808.30.15), as temporarily duty-free.

H.R. 3968—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.38.14, 4-Cyclopropyl–6-methyl-N-phenyl–2-pyrimidinamine–4-(2,2-difluoro–1,3-benzodioxol–4-yl)–1H-pyrrole–3-carbonitrile (CAS No. 131341–86–1) (provided for in subheading 3808.20.15), as temporarily duty-free.

H.R. 3969—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.32.10, Pigment Blue 60 (CAS No. 81–77–6) (provided for in subheading 3204.17.90), as temporarily duty-free.

H.R. 3970—Amends subchapter II of chapter 99 of the HTSUS by inserting the new heading 9902.29.27, (R)–2-[2,6-dimethylphenyl)-methoxyacetyl-amino]-propionic acid methyl ester (CAS Nos. 7–830–17–7 and 69516–34–3) (provided for in subheading 2924.29.47), as temporarily duty-fee.

H.R. 3971—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.38.22, Benzothialdiazole–7-carbothioic acid S-methyl ester (CAS No. 135158–54–2) (provided for in subheading 3803.20.15), as temporarily duty-free.

H.R. 3972—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.33, Benzothialdiazole–7-carbothioic acid S-methyl ester (CAS No. 135158–54–2) (provided for in subheading 2933.69.60), as temporarily duty -fee.

H.R. 3973—Amends subchapter II of chapter 99 of the HTSUS by inserting the new heading 9902.29.30, O-(4-Bromo–2-chlorophenyl)-O-ethyl-S-propyl phosphorothioate (CAS No. 41198–08–7) (provided for in subheading 2930.90.10), as temporarily duty-free.

H.R. 3974—Amends subchapter II of chapter 99 of the HTSUS by inserting the new heading 9902.29.35, 1-[[2-(2,4-dichlorophenyl)–4-propyl–1,3-dioxolan–2-yl] methyl]–1H–1,2,4-triazole (CAS No. 60207–90–1) (provided for in subheading 2934.90.12), as temporarily duty-free.

H.R. 3975—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.34, tetrahydro–3-methyl-N-nitro–5[[2-phenylthio)–5-thiazolyl]–4-H–1,3,5-oxadiazin–4-imine (CAS No. 192439–46–6) (provided for in subheading 2934.90.16), as temporarily duty-free.

H.R. 3976—Amends subchapter II of chapter 99 of the HTSUS by inserting the new heading 9902.29.40, 1-(4-methoxy–6-methyl-triazin–2-yl)–3-[2-(3,3,3-trifluoropropyl)-phenylsulfonyl]-urea (CAS No. 94125–34–5) (provided for in subheading 2935.00.75), as temporarily duty-free.

H.R. 3977—Amends subchapter II of chapter 99 of the HTSUS by inserting the new heading 9902.29.33 1,2,4-Triazin–3(2H)one, 4,5-dihydro–6-meth-yl–4-[(3-pyridinylmeth-ylene)amino](CAS No.23312–89–0) (provided for in subheading2933.69.60), as temporarily duty-free.

H.R. 3978—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.29.34, 4-(2,2-difluoro–1,3-benzodioxol–4-yl)–1H-pyrrole–3-carbonitrile (CAS No. 131341–86–1) (provided for in subheading 2934.90.12), as temporarily duty-free.

H.R. 3979—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.38.22, 3-(6-methoxy–4-methyl–1,3,5-triazin–2-yl)–1-[2-(2-chloro-ethoxy)-phenylsulfonyl]-urea–3,6-dichloro–2-methoxybenzoic acid (CAS No. 1982–69–0) (provided for in subheading 3808.30.15), as temporarily duty-free.

H.R. 3988—Amends subchapter II of chapter 99 of the HTSUS in heading 9902.33.61, to extend the temporary suspension of duty on Carbamic Acid (V–9069) to December 31, 2003.

H.R. 3989—Amends subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.38.01, 2-(((((4,6-Di-methoxypyrimi-din–2-yl) aminocarbonyl))-N,N-dimethyl–3-pyridinecarboxamide (Accent) (CAS No. 122931–48–0) (provided for in subheading 3808.10.15), as temporarily duty-free.

H.R. 3990—Amends subchapter II of chapter 99 of the HTSUS in heading 9902.33.60, to extend the temporary suspension of duty on Rimsulfuron to December 31, 2003.

H.R. 3991—Amends subchapter II of chapter 99 of the HTSUS in heading 9902.33.63, to extend the temporary suspension of duty on DPX-E9260 to December 31, 2003.

H.R. 3992—Amends subchapter II of chapter 99 of the HTSUS in heading 9902.33.63, to extend the temporary suspension of duty on DPXE 6578 to December 31, 2003.

H.R. 4026—Amends subchapter II of chapter 98 of the HTSUS (HTSUS) to insert a new subheading: 9802.00.95, under which certain food stuffs originating in

NAFTA countries would receive duty-free treatment upon meeting certain conditions: (1) satisfy the rules of origin under NAFTA as set forth in General Note 12 of the HTSUS—such food stuffs must be processed in Canada or Mexico using a material exported from the United States, (2) any dairy ingredient used in the processing of the good in Canada or Mexico must be of U.S. origin and consistent with the current tariff-rate quota provisions on sugar-containing products, (3) the goods as imported into the United Stated may not contain foreign-origin cane or beet sugar in excess of 10 percent by dry weight, (4) an additional limitation excludes from the scope of the provision dairy products such as cheeses manufactured in Canada or Mexico, even if all milk or cream used in such manufacturing were of U.S. origin. The bill also would add a new U.S. note 7 to subchapter II of chapter 98, to provide (in subparagraph 7(a)) that products entered under subheading 9802.00.95 would not be subject to safeguard duties and would not be counted against the in-quota quantities for otherwise-applicable tariff-rate quota provisions.

H.R. 4223—Amends subchapter II of chapter 99 of the HTSUS by inserting in the numerical sequence the new heading 9902.29.47, 5-Amino–1(2,6,-dichloro–4-trifluromethy–1)phynyl)–4-((1,r,s,)-trifluromethy–1)sulfinyl)–1-h-pyrazole–3-carbonitrile: fipronil 90mp(Fipronil Technical) (CAS No. 120068–37–3) (provided for in subheading 2933.19.23), with a temporary duty reduction to 5 percent ad valorem.

H.R. 4229—Amends chapter 51 of the HTSUS by striking subheading 5111.11.70, and inserting two new subheadings, 5111.65.65 and 5111.11.75, to expand the scope of the existing subheading 5111.11.70 to include imported hand-loomed fabric in a wider width.

H.R. 4337—Amends the following sections of the Tariff Act of 1930 with respect to entry revision procedures: (1) (a) section 484 (19 U.S.C. § 1484)—to require minimum data (description of the merchandise, classification, country of origin, and admissibility documentation) at the time of entry for release of imported merchandise from Customs' custody; (b) section 499 (19 U.S.C. § 1499)—toamend the current conditions for release of imported merchandise from Customs' custody; and (c) section 401 (19 U.S.C. § 1401)—to conform remote filing to include the electronic entry of the import activity summary statement (IASS),(2) section 414 (19 U.S.C § 1414)—to allow importers the option of filing one IASS per month in lieu of entry summaries for each individual transaction as currently required by the Customs Service, and to amend the Mod Act "remote location filing" section to conform with this option, (3) section 484 (19 U.S.C § 1484)—to allow an importer to declare its information using either the current individual entry summary system or by filing a monthly IASS which will resemble an individual entry summary, except that it will contain aggregate information for the entire month. In addition, absent fraud, variances in the information provided would be considered clerical errors. This amendment would (a) permit the importer to segregate and total the information by tariff number, country of origin, and special program indicator (e.g., GSP), as currently permitted for entry summaries, (b) not require information relating to specific entries or shipments, i.e., importers would not have to list the activity for each and every entry during the month, and (c) treat the IASS just as any other entry summary for purposes of administration of the customs laws, (4) section 505(c) of the Tariff Act of 1930 (19 U.S.C. § 1505(c)) -to re-authorize mid-point interest, first established as part of P.L. 106–36, which allows the collection of interest on duty underpayments without an entry-by-entry calculation, (5) section 484 (19 U.S.C. § 1484) -to eliminate the requirement that each entry be flagged for reconciliation, and to allow importers to reconcile any element of an entry, (6) section 592 of the Tariff Act of 1930 (19 U.S.C. § 1592) -(a) absent fraud, to allow importers to correct import information in an entry summary, IASS and/or reconciliation, and variances in the shipment information as clerical errors; (b) to provide that, in cases of errors in an entry, entry summary, IASS, or reconciliation information that cancel out each other, the violation would be only material to the extent of the net error or omission, and (c) to allow importers to offset duty overpayments against underpayments for a relevant period for Customs enforcement actions and prior disclosures, (7) section 401a of the Tariff Act of 1930 (19 U.S.C. § 1401a)—to requirethe Customs Service to ensure that the circumstances of sale are examined for a representative period to determine whether transaction value can be used, (8) section 313 (19 U.S.C. § 1313)—to allow drawback where there is valuable waste, and for the available drawback to be reduced by taking into account the residual commercial value of the product, (9) section 322 (19 U.S.C. § 1322)—to allow containers and shipping devices that are not imported into the United States as articles of commerce to be subject to the exclusions contained in the HTSUS as "Instruments of International Traffic" (IIT's); and, (10) the Harmonized Tariff Schedule (19 U.S.C. § 1202)—to renumber

General Notes 15–21 and add a new General Note to allow an importer the option of classifying discrete pieces of machinery (certain dies, machinery tools and equipment) under the tariff provision for the complete, finished good provided that the importer meets certain entry conditions and proof thresholds.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Any person or organization wishing to submit a written statement for the printed record should submit six (6) single-spaced copies of their statement, along with an IBM compatible 3.5-inch diskette in WordPerfect or MS Word format, with their name, address, and comments date noted on label, by the close of business, Friday, May 19, 2000, to A.L. Singleton, Chief of Staff, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515.

FORMATTING REQUIREMENTS:

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be submitted on an IBM compatible 3.5-inch diskette in WordPerfect or MS Word format, typed in single space and may not exceed a total of 10 pages including attachments. Witnesses are advised that the Committee will rely on electronic submissions for printing the official hearing record.

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. A witness appearing at a public hearing, or submitting a statement for the record of a public hearing, or submitting written comments in response to a published request for comments by the Committee, must include on his statement or submission a list of all clients, persons, or organizations on whose behalf the witness appears.

4. A supplemental sheet must accompany each statement listing the name, company, address, telephone and fax numbers where the witness or the designated representative may be reached. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press, and the public during the course of a public hearing may be submitted in other forms.

Note: All Committee advisories and news releases are available on the World Wide Web at "http://waysandmeans.house.gov".

H.R. 1622

To prohibit the importation of products made with dog or cat fur, to prohibit the sale, manufacture, offer for sale, transportation, and distribution of products made with dog or cat fur in the United States, and for other purposes.

Statement of Fur Commission USA, Corando, California

Fur Commission USA represents over 600 mink and fox farming families on over 400 farms in 31 states. We seek to educate the public about responsible fur farming, ensure the best care for our animals, and to celebrate and secure fur-farming families.

Fur bearing animals have been raised on farms in North America since shortly after the Civil War. Today's farm-raised fur bearers are among the world's best cared-for livestock. Good nutrition, comfortable housing and prompt veterinary care

have resulted in domestic animals very well suited to the farm environment. Precise attention to animal care has enabled North American farmers to produce the finest quality fur in the world.

At the outset, it should be noted that the intent of H.R. 1622 could be achieved by simply establishing an importation prohibition, which could then be integrated within existing Customs enforcement schemes. Many such import prohibitions exist in law and are enforceable by Customs. Indeed, Customs already has authority to assess penalties, seize merchandise and subject such merchandise to forfeiture, subject to normal due process protections. Moreover, sales of fur products are subject to a labeling scheme administered by the Federal Trade Commission. Mislabeling of the products can result in the imposition of significant penalties.

Given the current authority possessed by U.S. Customs to enforce an import ban and the FTC labeling requirements, the administrative and judicial enforcement scheme contained in H.R. 1622 is not only excessive, but is also overly broad, vague and confusing for the following reasons:

1. The legislation establishes a cause of action wherein *any* individual could bring a citizen's suit to compel the Secretary of Treasury to enforce the Act or to enjoin an individual from taking any action deemed to be in violation of the Act. Establishing such a broad basis for legal standing could result in numerous law suits brought by anti-fur activists, regardless of whether the private citizen bringing the suit has knowledge that the activity in question is in violation of the prohibitions contained in this legislation.
2. The legislation establishes broad seizure and arrest authority based on a "duly-authorized officer's" reasonable belief that a violation has occurred. A law designed to be administered by the U.S. Customs Service cannot permit private citizens, particularly individuals who have a broader agenda with respect to fur, to be involved in any aspect of the enforcement scheme. Unfortunately, the current language of the bill leaves open the possibility that a "duly-authorized officer" could in fact be a private citizen.
3. The legislation suggests that the Department of Justice (through the U.S. Attorney structure) will be involved in the enforcement of this legislation, regardless of whether a violation is criminal or civil.
4. The legislation, to the extent it prohibits certain manufacturing and sales activities, preempts the regulation of activities that normally fall under the jurisdiction of the states.
5. The legislation's mandate that a person who violates *any* provision of the Act can be enjoined from further sales of any fur product is excessive and probably would not withstand judicial scrutiny. Such a sanction, if it is to be included, must be limited to those individuals who have criminally (with knowledge and intent) violated the prohibition. Even in these instances, however, it is doubtful that a court would issue an injunction denying an individual his livelihood based on a violation of this statute.

If the intent of the bill's sponsors is to create a unique and complex criminal and civil statutory enforcement scheme, which includes private citizen suits, the bill must be referred to the House and Senate Judiciary Committees to ensure that the bill does not become a vehicle for harassing legitimate fur industry interests or depriving individuals in the fur trade of their rights. More generally, referral is critical given that the legislation would affect the U.S. criminal code and create new causes of action that will be justiciable under the federal court system.

On the other hand, if Customs is to be the principal implementing agency for this legislation, then the bill can be modified to ensure consistency with existing Customs administrative enforcement schemes, particularly with respect to burden of proof, forfeiture, and search and seizure authority. The inconsistencies between the legislation's enforcement scheme and Customs' are likely to create serious administrative burdens for the Customs Service. These inconsistencies could be addressed by integrating any importation ban into the Customs Service's general enforcement scheme.

Finally, the definitions of dog and cat fur (Canis familiaris and Felis catus or Felis domesticus) contained in the legislation correctly limit the scope of the bill to animals generally recognized as household pets. Distinguishing these species from others, however, is often difficult for those outside the industry, particularly for those who would rely on DNA evidence to make these distinctions. Indeed, experts in the field have claimed that even DNA evidence is not adequate to identify and distinguish fur of the Canis familiaris species and the Felis catus species. *See* "Dogs, Cats and DNA," attached hereto. At a minimum, to ensure that the implementation of any import prohibition does not inadvertently impede the legitimate fur trade, the legislative history should reaffirm that the bill is *not* intended to affect trade in

other wild or commercially raised canine or feline species, the fur or hair of which is generally-recognized for use in clothing and outer wear.

* * * * *

The U.S. fur farming industry believes that products derived from domesticated dogs and cats, if properly labeled as required by law, are unacceptable to the U.S. public and would not find a market within our borders. At the same time, the industry is deeply concerned that H.R. 1622, with its unprecedented enforcement scheme could impede the legitimate trade in fur products, and is likely to create more problems for the U.S. government and the courts than is necessary, given the scope of the problem, and the availability of alternative and more direct approaches for addressing the issue. The Committee must address these concerns before allowing this legislation to move forward.

Attachment

TERESA PLATT
Executive Director
Coronado, CA 92118–2698

FCUSA COMMENTARY

DOGS, CATS AND DNA

BY TERESA PLATT, EXECUTIVE DIRECTOR, FCUSA

AMERICANS ARE NOTED FOR THEIR LOVE of domesticated cats and dogs, our cherished pets. We have selectively bred a wide range of animals that are clean, loyal and rewarding companions. There truly is a pet for everyone, no matter what the lifestyle or need.

In 1998 and 1999, the Humane Society of the United States (HSUS) claimed that by using DNA testing, it found the fur of domesticated dog and cat mislabeled and used as trim in garments and figurines sold in the US. Obviously, most Americans would find such a trade unacceptable and reject the products immediately if they were correctly labeled.

Mislabeling any product, no matter how inexpensive, is consumer fraud, and comes under the jurisdiction of the Federal Trade Commission (FTC). Fines and penalties can be severe.

TRADE IN ANIMAL PRODUCTS

Canines and felines, as with many other species, occur both in the wild and in domesticated settings, plus there are feral populations of domesticated animals now living wild. The meat and fur of wild canines and felines, such as raccoon dog, coyote, fox, wolf, bobcat and lynx, are utilized in most societies and traded widely. International trade in any wild species at risk is, of course, tightly controlled by the Convention on International Trade in Endangered Species (CITES).

Farmed production complements the wild harvest—an important tool in wildlife management—by stabilizing prices during times of high demand and ensuring wildlife caretakers respond to the needs of biologists, not the market. Although we have a thriving global market for mink and fox pelts, farmed production ensures their wild cousins are never depleted.

Cultural taboos exist in the US and elsewhere against using products from domesticated dogs and cats, even from controlled feral populations, and so the remains of these millions of animals are discarded. In parts of Asia, however, domesticated dog and cat remains are fully utilized and even sold.

According to Rick Swain of HSUS, China is "killing hundreds of thousands of cats, and about 20 percent of the figurines sold in the United States are made with real cat hides,"(1) with the balance coming from rabbit skins and synthetic materials.

The key questions: are illegally mislabeled products entering the US? Can DNA testing help in this area? And what is a discerning consumer to do?

Labeling Controls and Consumer Fraud

International brokers, of course, know their goods and, when trading across cultural lines, take care to purchase products acceptable to consumers while meeting the labeling laws of importing countries. No one, for example, would attempt to develop a business selling beef to India.

In the US, the FTC is charged with ensuring all products are labeled correctly so consumers can buy or reject them for any reason. It is consumer fraud and illegal to mislabel a product, no matter how inexpensive. Additionally, the Fur Products

Labeling Act, also administered by the FTC, has specific controls for the labeling of fur products costing over $150.

QUESTIONS, QUESTIONS ON DNA TESTING

The coats that HSUS questioned in 1998 were labeled "Mongolian dog," a wild species native to Mongolia where it is hunted to protect humans and livestock. HSUS claimed, however, that DNA testing proved the pelts came from domesticated dogs. In 1999, it claimed to have found figurines labeled rabbit but made with "real cat hair."

FCUSA asked HSUS to share its raw data and DNA test results. When it refused, we became curious and began questioning genetic experts. What we learned was fascinating.

From watching the O.J. Simpson trial, every American knows that a clean sample is vital for DNA testing. So, Question No. 1 was: *Can finished, tanned or "dressed" garments, even dyed fur, provide "clean" samples? Can they give accurate readings?*

A specialist in canine DNA testing replied:

"The main problem with using fur as a source of DNA is that the chemicals used to preserve the hide have two deleterious effects–1) they probably degrade most if not all of the DNA in a piece of hide and 2) the chemicals themselves are toxic to the enzymatic reaction used in the testing. . . .

"It is often challenging . . . to extract DNA from tanned leather or fur but it can be done, though it may not be successful with every sample. In order to provide this service to the industry, it would be necessary to refine the DNA extraction method and to build a referral data base of information on all species used for fur."

Hmm. We were told that HSUS took samples from dressed furs so we wonder how "clean" the samples were and if the DNA readings were accurate. But HSUS won't share the data or the results. Odd.

Question No. 2: *Is there a good library of DNA in existence now?*

Our expert replied:

"I do not know if any other laboratory has put together a DNA data base with the purpose of distinguishing fur-bearing animals. To do so—it would require time and money—I would say about 6 months and approximately $250,000. It would also require samples of animals other than fur (ideally blood samples) that you would be absolutely confident of the species."

Hmm. Does HSUS maintain a DNA library? Strange it makes no mention of this breakthrough.

Question No. 3: *If a clean sample could be provided, can DNA testing distinguish "domesticated" cats and dogs from wild or farm-raised species?* Simply put, is a wolf is a fox is a poodle? And is a calico is a mountain lion is a bobcat, or what?

Again we went to the experts:

"There is a type of DNA test that can distinguish species of animals. It is done by amplifying the cytochrome B gene and doing one of several forms of sequence analysis. . . . It is my belief that the fur of wild cats such as tigers, lions, lynx, etc. could be distinguished from domestic cats. There would obviously be a problem with cats derived from hybrids such as 'pixiebobs' (a cross between domestic cats and bobcats).

"In the case of distinguishing wolf from dog, unfortunately dogs have descended from wolves too recently such that they are essentially still the same species and can not be distinguished by this method. However, dogs/wolves can be distinguished from fox, raccoon, and other canid-type species used for fur."

Thus, goods labeled as "rabbit" but made from the fur of other species would easily be exposed by DNA testing. But the lack of differentiation between sub-species of canines and some felines takes us back in time. Man's ancestors branched off from other primates 4–5 million years ago, with *Homo sapiens* appearing 100,000 years ago. Domestication of animals by humans, 10,000 years ago, is a relatively recent experiment.

In the Kingdom of *Animalia* is the Class *Mammalia, where resides the Order of Carnivora*, which includes the Family *Canidae*, canines, a species we call "dog." Coyotes, wolves, foxes, jackals, bush dog, dingo, dhole and more, canines include a vast array of animals. With about 21 distinct species, foxes, of the genus *vulpes*, comprise the largest canine group. Which one of these is "dog"?

The Family *Felidae*, felines, include domestic cats and at least 34 other species. Lion, tiger, jaguar, jaguarundi, spotted cat, lynx, bobcat, ocelot, pampas cat, puma. Which one of these is "cat"?

So, according to the experts, the Asian wild and Russian farm-raised raccoon dog, *Nyctereutes procyonoides*, and wild and farmed fox, *vulpes,* which branched off early in the canine family tree, could be distinguished from domesticated dogs by DNA

testing. Wolf, coyote and Mongolian dog, however, could not be distinguished from domesticated dogs.

But HSUS says it has a DNA test that tells the difference, in direct contradiction to the experts.

CROSSING THE LINE

Late in 1999, HSUS announced it had found figures made of cat fur illegally labeled "rabbit." Provided a clean sample can be obtained, DNA testing can distinguish cat fur from rabbit fur. However, if the clean sample shows "feline," it may be difficult to tell the sub-species involved. And absolutely no test will tell us whether a product was made from a cherished household "pet" or the result of measures to control feral domesticated cats.

Consumers have the right to know exactly what they are purchasing, and to expect that purveyors of mislabeled products will be punished.

But it is also important for consumers to understand that different cultures value animals in different ways, and incorporate animal products into their markets and selected animals into their homes as pets, just as Americans do.

When crossing cultural lines and borders with trade, we must respect the world's diversity of opinion and carefully think out solutions to real issues. Otherwise, we will all end up in one big dog and cat fight.

NOTES:

(1) Orlando Sentinel, Dec. 31, 1999, "China Kills Cats, Uses Fur on Figures." For comparison purposes, each year in the US (population: 250 million), shelters euthanize and discard the remains of millions of domestic and feral dogs and cats. China has 2.5 billion people, ten times as many as the US.

See also, "What's in a name? Or, the wolf among us" by I. Lehr Brishin, PhD, at www.naiaonline.org/name.htm, which discusses the changes in the Mammal Species of the World: A Taxonomic and Geographic Reference. "In this volume, it was agreed that our domestic dog should be designated *Canis Lupus* instead of the more customary *Canis familiaries*, thereby confirming concsensus of the scientific community that the dog is indeed exactly the same species as the wolf, the species from with it is generally assumed to have been derived through the process of domestication."

Statement of the International Mass Retail Association, Arlington, Virginia

This statement is submitted on behalf of the International Mass Retail Association (IMRA) which is an alliance of retailers and their product and service suppliers committed to bringing price-competitive value to the world's consumers. IMRA improves its members' businesses by providing industry research and education, government advocacy, and a unique forum for its members to establish relationships, solve problems, and work together for the benefit of the consumer and the mass retail industry. IMRA represents over 200 retail companies, which operate more than 133,000 stores worldwide and have sales of over $450 billion annually. IMRA represents over 600 supplier companies with sales totaling over $600 billion per year. Together, IMRA's membership represents over $1 trillion in sales and employs millions of workers.

While many of the bills listed on the April 20th advisory do not affect IMRA members, there are three in particular that IMRA would like to comment on. The first two bills (H.R. 3704 and H.R. 4337) IMRA strongly supports. The third bill, H.R. 1622, IMRA opposes.

H.R. 3704—AMENDING CHAPTER 95 OF THE HTSUS TO INCLUDE DRESS-UP SETS

Flimsy costumes, used in "dress-up" play sets are viewed and used as toys by children. IMRA believes that Customs has been correct in its longstanding view that these products are not complex or permanent wearing apparel, and should be classified in Chapter 95 of the HTSUS. Creating a new subcategory in Chapter 95 will reinforce what Customs has already been doing.

The textile items included in play sets are not designed or manufactured for multiple wearings. This is why they need to be included in the new subcategory in Chapter 95. In addition, these items are not sold in the same channels of distribution as wearing apparel. Instead, toy stores, drug stores and variety stores carry these items in large numbers, and general merchandise retailers do not sell these

items in the apparel departments of their stores, but, rather, in their toy departments.

The dress-up items in play sets are extremely lightweight and inexpensive. These costume elements are intended for play, not as wearing apparel. In addition, playsets also frequently include other non-textile items, including play jewelry, magic wands, doctor and nurse toys, and other accessories that are clearly toys, not wearing apparel.

There was an attempt during the 105th Congress to shift these play items into Chapters 61 and 62 which would have subjected them to import quotas and visas—an action that could have resulted in their elimination from the marketplace. Existing bilateral textile and apparel agreements are based on the assumption that these products are not wearing apparel. Shifting them into wearing apparel headings, without adjusting negotiated bilateral quota agreements will put significant pressure on existing import quotas. Since these products are extremely low-cost, it is logical to assume that foreign producers will have difficulty in obtaining quota for these items, making it impossible (or extremely uneconomical) to import these items. This is why these items need to be classified in Chapter 95.

In addition, shifting flimsy textile components of "dress up" play sets would subject these toys to significant duties. In combination with quota charges, this action would significantly drive up the cost of these currently low-cost toys.

H.R. 4337—Amending Customs Laws with Respect to Importation of Merchandise

The trade community has never fully realized the automation benefits of the Customs Modernization Act, passed by congress in 1993. That seminal piece of legislation cleared the way for a new way of handling transactions that would include periodic payment of duties, remote filing and expedited release of merchandise. The Customs Modernization Act also imposed new obligations on importers, as part of a "package deal" that would require importers to take more "reasonable care," keep extended records, and take responsibility for classifying merchandise all in return for expedited service and periodic filing and payment.

Today, seven years after the enactment of the Customs Modernization Act, many in the trade community, including virtually all of IMRA's members have made significant new investments in Customs compliance to meet the new obligations of the Modernization Act. However, Customs has yet to provide for periodic duty payment, remote filing or expedited service.

IMRA well recognizes that one of the main reasons Customs has been unable to deliver the benefits of the Modernization Act is because Congress has yet to fully fund a new computer system known as the Automated Commercial Environment (ACE).

IMRA is confident that funding for the new computer system will be appropriated in Fiscal Year 2001. Consequently, we strongly believe that Congress should reiterate to the Customs Service its belief that progress must be made on the promises of the Customs Modernization Act.

Chief among these promises is the requirement that the Customs Service move from an entry-by-entry basis to an account based system. Such a system would allow importers to submit entries and pay duties on a periodic basis rather than on an entry-by-entry basis, much as the Internal Revenue Service treats individual taxpayers. In such a system, Customs would rely on post-entry audits and compliance assessments to enforce the nation's trade laws, thereby making it much easier and faster for the Customs Service to identify those importers who are either small and inexperienced and therefore more likely to make entry mistakes, and those companies who are simply bad actors.

IMRA therefore supports the intent of H.R. 4337, which is to remind the Customs Service that Congress intended to create a system of national accounts as part of the 1993 Modernization Act. IMRA recognizes, however that the full benefits of automation cannot be achieved without funding for the Automated Commercial Environment.

H.R. 1622—The Dog and Cat Protection Act of 1999

IMRA does not condone the importation of products made with dog or cat fur. However, we believe that HR 1622, as written has many shortcomings. Most notably, the bill would impose harsh civil and criminal penalties on American retailers who unwittingly purchased products that contain disguised cat or dog fur, which appears to IMRA to be contrary to the basic hierarchy of Customs penalties set forth in Section 1592.

HR 1622 places all of the burden of proof upon the owner of the merchandise to prove that the merchandise does not contain dog or cat fur (Sec. 6 (d)). This is contrary to current evidentiary standards. The burden should be placed upon the complaining party, especially with the difficulty in identifying dog or cat fur once it has been dyed.

The bill also allows for an individual to be arrested because of "reasonable cause." This is a very subjective term. Reasonable cause not only needs to be defined, but must be as objective as possible. It also allows for warrantless searches without probable cause. This is clearly a violation of the constitution.

Section 6 (f) allows for a private right of action where private citizens can commence an injunction proceeding if they believe that an entity is in violation of the bill. Congress has consistently opposed this kind of private right of action in customs cases because it creates severe market disruption. In this particular case, this provision invites anti-fur activists to file nuisance suits against legitimate retailers.

The civil penalty section of the bill is very troubling. It allows for a $25,000 civil penalty for *each* violation. What happens when a legitimate retailer places an order for ten thousand gloves lined with rabbit fur, but unwittingly receives gloves with cat fur lining? According to the bill, the retailer would be subject to $250,000,000 in fines because of the overseas manufacturer's deception. A penalty such as this could bankrupt a legitimate retailer.

One of the most troubling sections of the bill is Section 7 (d). This section allows for a court to permanently enjoin a business from selling any fur products, even if the party is an unintentional violator.

The bill, as it is currently written, does not take into account the fact that the U.S. retailer may be a victim of deception by an overseas manufacturer. Retailers are not in the business of providing fur products made from dog or cat fur and do not intentionally source from manufacturers who do. As the bill itself states, it is very difficult to distinguish dog and cat fur from other types of fur once it has been dyed. Retailers should be given the benefit of the doubt if they are found to have imported such products unwittingly. At best a hierarchy of penalties, such as currently exist for customs violations, should be applied in such cases.

H.R. 2881

To allow the collection of fees for the provision of customs services for the arrival of certain ferries.

NO COMMENTS SUBMITTED.

H.R. 3276

To suspend temporarily the duty on thionyl chloride.

NO COMMENTS SUBMITTED.

H.R. 3366

To suspend temporarily the duty on benzyl carbazate (DT–291).

BAYER CORPORATION, U.S.A.
PITTSBURGH, PA
May 16, 2000

A. L. Singleton
Chief of Staff
House Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Subject: H.R.3366 Benzylcarbazate

Dear Mr. Singleton:

Bayer Corporation is a research-based company with major businesses in health care and life sciences and chemicals. The company had 1999 sales of $8.9 billion and employs more than 22,200 people throughout the United States and is headquartered in Pittsburgh, Pennsylvania. Bayer Corporation is a member of the worldwide Bayer Group, a $29 billion international life sciences, polymers and specialty chemicals group based in Leverkusen with 120,400 employees worldwide.

Bill number H.R. 3366 has been introduced by DuPont for duty suspension on Benzylcarbazate for insecticide applications.

Bayer Corporation is a regular importer of Benzylcarbazate. Bayer's Logistics Division, with major import operations at Pittsburgh, Pennsylvania and Bayer customer Alabama would benefit from tariff suspension on Benzylcarbazate. Benzylcarbazate is not manufactured in the United States but is an important ingredient in many U.S. and international products. Benzylcarbazate is used in the production of insecticides for use on cotton vegetables and fruit, to protect U.S. crops and as a result, the business of U.S. farmers. The products are also used to manufacture a new family of insect control components with very favorable environmental profiles

We hope this supplemental information is useful in the House Ways and Means Committee deliberations regarding the proposed tariff suspension for Iminodisuccinate bill number H.R. 3801. Please do not hesitate to contact me at Tel: 412–777–2058 with any questions. In the event that I am unavailable, Julie Van Egmond in our Washington office (Tel.: 202–756–3773) or Stephen Johnsen at our Pittsburgh location (Tel: 412–777–5616) could be of assistance.

Very sincerely,

Karen L. Niedermeyer

H.R. 3367

To suspend temporarily the duty on tralkoxydim formulated ("Achieve").

NO COMMENTS SUBMITTED.

H.R. 3368

To suspend temporarily the duty on the chemical KN002.

NO COMMENTS SUBMITTED.

H.R. 3369

To reduce temporarily the duty on the chemical KL084.

NO COMMENTS SUBMITTED.

H.R. 3370

To suspend temporarily the duty on the chemical IN-N5297.

NO COMMENTS SUBMITTED.

H.R. 3371

To reduce temporarily the duty on azoxystrobin formulated ("Heritage", "Abound", and "Quadris").

NO COMMENTS SUBMITTED.

H.R. 3474

To suspend temporarily the duty on Fungaflor 500 EC.

NO COMMENTS SUBMITTED.

H.R. 3475

To suspend temporarily the duty on NORBLOC 7966.

NO COMMENTS SUBMITTED.

H.R. 3476

To suspend temporarily the duty on Imazalil.

NO COMMENTS SUBMITTED.

H.R. 3604

To provide for the liquidation or reliquidation of certain entries in accordance with a final decision of the Department of Commerce under the Tariff Act of 1930.

NO COMMENTS SUBMITTED.

H.R. 3684

To amend section 313 of the Tariff Act of 1930 to allow duty drawback for grape juice concentrates made from Concord or Niagara grapes.

CALIFORNIA ASSOCIATION OF
WINEGRAPE GROWERS
SACRAMENTO, CA
May 12, 2000

Mr. A.L. Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Mr. Singleton:

These comments are submitted in response to the notice issued on April 20 by the House Committee on Ways and Means, Subcommittee on Trade, announcing a request for written comments on miscellaneous corrections to trade legislation and miscellaneous duty suspension bills.

These comments are on behalf of the members of the California Association of Winegrape Growers (CAWG), who grow more than 60% of the tonnage of grapes crushed for wine and concentrate in California. Grapes crushed for concentrate represent an increasingly important market for Central Valley grape growers. According to the 1999 *Annual Grape Crush Report*, the volume of grapes crushed to be marketed as concentrate was 762,171 tons, nearly one-quarter of the total 1999 crush.

The following comments are directed to one bill on the April 20, 2000 list—specifically, H.R. 3684, to amend section 313 of the Tariff Act of 1930 (19 U.S.C. 1313) to allow duty drawback for grape juice concentrates made from Concord or Niagara grapes.

DISCUSSION

CAWG is opposed to H.R. 3684 which is similar to H.R> 194. This opposition is based on the following points, all of which are detailed below. Enactment of H.R. 3684 would: (1) be an assault on the integrity of the duty drawback program; (2) establish a problematic precedent of alteration of the program; (3) lead to disruption in the U.S. grape juice concentrate market; (4) provide a unilateral trade benefit to a number of U.S. trading partners, without obtaining a reciprocal trade benefit for the U.S. winegrape industry; (5) provide a financial benefit to industries in other countries already receiving subsidies from their own countries; (6) provide a *de facto* subsidy to certain exporters; and (7) lead to losses for the U.S. Treasury.

1. H.R. 3684 WOULD ALTER PURPOSE OF DRAWBACK PROGRAM

First, it is a misnomer to label H.R. 3684 as a "miscellaneous correction to trade legislation." The provisions of H.R. 3684 would not "correct" any mistake now set forth in U.S. trade law. In contrast, H.R. 3684 would undermine and distort the purposes of the duty drawback program administered by the U.S. Customs Service.

The drawback program has been a part of U.S. law since 1789 and has evolved over the years. While the intent of the program can be stated rather simply, administration of the program is complex. The program has been administered strictly and with extreme care by the U.S. Customs Service, due to the potential for abuse and erosion of U.S. treasury revenues.

The U.S. Customs website provides the following description of the drawback program:

> The rationale of drawback has always been to encourage American commerce or manufacturing, or both. It permits the American manufacturer to compete in foreign markets without the handicap of including in his costs, and consequently in his sales price, the duty paid on imported merchandise.

Several types of drawback are authorized by U.S. law, but H.R. 3684 would amend only one type. H.R. 3684 references the "manufacturing substitution" drawback program. This program addresses the situation where a manufacturer brings in one product to make another product, and the manufactured product is then exported. The theory is that the manufacturer should not have to bear the cost of the duty on the imported material that forms a necessary component of the manufactured article. Manufacturing substitution drawback is available whether the imported material, or a domestic material of the "same kind and quality," are utilized

in the exported product. This version of drawback eliminates the need for a manufacturer to maintain separate inventories for imported and domestic merchandise.

A. Customs Regulations

Customs strictly interprets and enforces the drawback program through its regulations at 19 CFR 191.0 *et seq*. These regulations contain extensive provisions which set forth the agency's procedures in administering the program. The regulations provide that to qualify as material of the "same kind and quality," Customs will look to a number of standards, such as USDA grade standards, FDA standards of identity, and industry standards. In the case of grape juice concentrate, criteria of the first two types do not exist; we are not aware of any USDA grade standard nor any FDA standard of identity applicable to grape juice concentrate.

However, as to the third test, industry standards, there *are* commonly followed practices. Two grape species represent more than 99% of grape production in the world and in the U.S. These two species are *vinifera* and *labrusca*.[1] The two species are completely different in heritage, taste, yields and end uses. If buyers are desirous of labrusca concentrate, buyers will purchase only labrusca concentrate. In the industry, labrusca concentrate is not interchangeable with vinifera concentrate.

With respect to H.R.3684, we understand that a certain agricultural co-op, Welch's, wants to import vinifera (white and red) concentrate to make various products. However, it wishes to export only concentrate that is primarily from the Concord or Niagara varieties—both of which are of the labrusca species. These two grape varieties are grown primarily in the U.S. The exporter in this case wishes to receive duty drawback on its exports of labrusca concentrate, for the duties paid on the imported vinifera concentrate. As stated above, the two species are totally different.

B. Judicial Interpretation

In addition to the provisions set forth in Customs regulations, the Court of International Trade has recently reviewed the "same kind and quality" test. The Court's decision contains this useful discussion:

> While the statute and regulations provide little, if any, guidance as to the meaning of the statutory term "same kind and quality" Customs has addressed materials it will consider to satisfy the statutory requirement of "same kind and quality" in a published ruling.*See* T.B. 82–36, 16 Cust. B. & Dec. 97 (1982).
>
> The introductory sentence of T.D. 82–36 states, "[u]nder the drawback law (19 U.S.C. 1313(b)) drawback contracts have been approved since 1958, permitting the substitution of one domestic compound for a different imported compound when an *identical element* is sought for use in manufacturing an exported article."[2]

Thus, according to the Court of International Trade, in order to qualify under the manufacturing substitution program for a drawback, the substituted component must be "identical to the imported product. The Court found that this version of drawback is meant to address processes where the component in question (in this case, a metal) is *interchangeable* with the imported component.

We understand that proponents of H.R. 3684 admit that grape juice concentrate of a *different* color or quality (from the imported concentrate) would not qualify for drawback under the historical administration of the program. Color is, by comparison, an almost insignificant factor in relation to the fact that vinifera and labrusca grapes are derived from totally different species which are distinct in all respects. The proponents are asking Congress to change the fundamental nature of the program to allow drawback for types of exported concentrate that are not interchangeable with the imported product.

2. H.R. 3684 Would Create a Problematic Precedent

Congress should not take the step represented by H.R. 3684, as it would create a troubling precedent. If this legislation were accepted, it would be entirely appro-

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[1] Labrusca grape species are grown in cold climate areas that are subject to heavy frost, including the Northeast, Northwest and North central regions of the U.S. Grapes from this species are used primarily for the production of grape juice and grape juice concentrate. All of the grapes produced in California are of the vinifera species, which are used primarily for the production of wine, although certain vinifera varieties are also used in the production of grape juice, grape concentrate, table grapes and raisins.

[2] *International Light Metals v. U.S.*, 24 F. Supp.2d 281 (CIT 1998). (This decision has been appealed by the plaintiff.)

priate for exporters of, for example, U.S.-grown lemon juice concentrate to ask Congress to provide a duty drawback on their imports of orange juice concentrate on the basis that both products are citrus juice concentrate. Numerous other examples could be cited, where producers of distinct products would argue that the products should be deemed of the same kind and quality for purposes of the drawback program. For instance, the argument could be made that two different types of vegetables, such as broccoli and asparagus, should be considered to be for purposes of the drawback program. Adoption of H.R. 3684 would create unending requests for similar action.

Different species of grapes are as distinct as different types of citrus. Further, there is a distinct market demand for the different species. The proponents of H.R. 3684 would likely admit that concentrate from labrusca grapes commands a premium price. At the current time, this price in the world market is more than double the value of concentrate produced from vinifera grapes.

Simply stated, eligibility for duty drawback is a privilege that is earned through meeting the Congressional intent in creating the program, as well as Customs requirements that govern the program. Each drawback that is granted by Customs is a privilege because it results in a loss to the U.S. Treasury—a loss of the duties paid on the imported product.

If adopted, H.R. 3684 would amend the drawback program—so that the program would provide a benefit that would be a significant departure from historical practice under the program.

3. Disruption of the Domestic Industry

In large measure, CAWG is opposed to H.R. 3684 because of the disruption it could cause in the U.S. grape juice concentrate market. Grape juice concentrate has become a significant industry in the U.S., and promises to continue to grow in the coming years. Grape juice concentrate is especially popular in the health food sector, which is a rapidly growing segment of the food industry. Grape juice concentrate is used in drinks, frozen juice, canned juice, fruit drinks and preserves. It is also used as a sweetener in canned fruit, yogurt, cookies, cereals, candies and baby foods. The market in California's San Joaquin Valley for grape juice concentrate for food manufacturing is approximately $150 million per year.

American growers have to attempt to compete with the sometimes tremendous subsidies provided by the European Union (and we believe by Argentina) to their grape growers. The Uruguay Round did not eliminate these subsidies; in fact, some of the subsidy programs in other countries have actually been increased since the Uruguay Round.

If adopted, H.R. 3684, by allowing a refund of the duties paid on imported concentrate, would allow those volumes to enter the U.S. at a lower landed cost to the importer than would otherwise be the case. Although only the amount of imported concentrate matching the volumes of exported concentrate would be eligible for the drawback refund, this lower-cost, imported concentrate could and would either displace U.S.-produced concentrate of a higher price, or put downward price pressure on the U.S.-produced product. It would also send a false signal to the market and could cause additional grape juice concentrate to be imported.

CAWG's members currently produce more than one-half of the grapes which now are used for grape juice concentrate. For this reason, CAWG is extremely concerned about any additional product which might either displace or put downward price pressure on U.S.-grown grapes.

Congress has deemed that imported grape juice concentrate should be subject to a set level of duty, and CAWG believes that this level should continue to be operative, except in those limited cases where the importer qualifies for duty drawback in the sense in which the program has been administered for years—i.e., where the exported product is of the same kind and quality and is interchangeable with the imported product.

4. Unilateral Trade Benefit to Foreign Grape Juice Concentrate Producers

Enactment of H.R. 3684 would also serve to provide a unilateral, and unreciprocated, trade benefit—indeed, a *de facto* tariff reduction—to all countries that produce grape juice concentrate and would like to export to the U.S. market (to the extent the grape juice concentrate is imported and later matched with exported volumes of grape juice concentrate, not of the same kind and quality). We believe the bill would provide an incentive for increased purchases from countries now subject to a tariff and reduce demand for U.S.-produced concentrate, particularly the type of concentrate produced in California.

Of great concern is the fact that the elimination of a pre-existing tariff is something that is normally only provided in the course of trade negotiations. Such action is handled in trade negotiations for very good reason—so that U.S. producers and industries will obtain a reciprocal trade benefit of some type.

The U.S. should not be providing beneficial duty treatment to potential competitors to the U.S. winegrape growing industry, without those countries requesting that treatment and without the U.S. obtaining some type of benefit in return.

Further, when trade concessions are under consideration in the course of trade negotiations, very careful analysis is normally carried out on the impact that a possible concession would have on the U.S. industry in question. However, because H.R. 3684 is not framed as a trade concession—although the result would be the same—it appears that no such consideration has taken place. The Committee is obligated to consider this impact. This impact is addressed above in the section entitled "Disruption of the Domestic Industry."

5. Grape Industries in Certain Other Countries Already Receive Subsidies

Some of the main exporters to the U.S. at the present time are: Argentina, Spain and Italy. These three countries comprise approximately seventy percent of the U.S. imports of grape juice concentrate.

The grape industries in Spain and Italy enjoy considerable subsidies already (in excess of $750 million in 1997)[3], which provide them assistance to compete in global markets. There is no policy justification to increase the amount of effective subsidy available to these foreign competitors.

Further, the U.S. has entered into negotiations for a Free Trade Area of the Americas and is preparing for the next round of World Trade Organization (WTO) negotiations. In the WTO Round, the U.S. is committed to reducing *all* agricultural subsidies. It would be wholly inconsistent to, on the one hand, reward behavior that the U.S. has announced, on the other hand, it is committed to reducing or eliminating.

6. A De Facto Subsidy

Although the goal of the proponent of H.R. 3684—to increase its exports of concentrate from U.S. grapes—is indeed laudable, it is trying to obtain Congressional concurrence to accomplish its goal through an alteration, or special exemption, to a program for which it does not otherwise qualify.

If Congress were to grant this exemption by deeming the exports of concentrate as eligible for duty drawback, the importer/exporter would obtain a *de facto subsidy on its export. This subsidy would be created because the importer/exporter could use the refunded duties to reduce the price of the exported product, in essence subsidizing the price of the exported product.*

The importer/exporter would achieve its goal with the assistance of all U.S. taxpayers—since the U.S. treasury is the source of drawback revenues. Further, if Congress were to adopt H.R. 3684, a benefit would be provided to one group of grape growers which growers of other agricultural products do not have.

Other Programs

Given its goal, there are other programs in existence for which the proponent of the legislation should be applying. For instance, the Market Assistance Program (MAP) is administered by the U.S. Department of Agriculture. For that program, Congress makes a decision on an annual basis (through the annual appropriations process) as to the level of U.S. tax dollars that shall be available to assist U.S. agricultural producers to attain new (or increase existing) export markets. If Congress were to enact H.R. 3684, those entities which would benefit from the legislation would in essence be circumventing the requirements, process, and budget limitations, of the MAP program.

7. Potential Loss to U.S. Treasury

The volume of grape juice concentrate imported into the U.S. has increased substantially in recent years—from 90,736,000 liters in 1995 (equivalent of 129,622 tons of grapes) to 180,517,000 liters in 1999 (equivalent of 257,881 tons of grapes).[4] In 1999, $7,943,000 in duties were paid on imported grape juice concentrate. Theoretically, ninety-nine percent (99%) of this amount could ultimately be subject to

[3] Twenty-Seventh Financial Report of the Commission of the European Communities Concerning the European Agricultural Guidance and Guarantee Fund

[4] Based on 1999 Grape Juice Concentrate Import/Export Report by IV International.

drawback claims (99% is the level of refund available when an export qualifies for manufacturing drawback). It is certainly possible that companies would devise ways to take advantage of the new financial benefit, were it to become available.

If in 1999 all of the 87 million liters of U.S.-produced concentrate that were exported[5] were deemed eligible for duty drawback, the loss of revenue to the U.S. treasury would have been $3.8 million (based on current rate of $.044 per liter).

CONCLUSION

For all of the above reasons, the Subcommittee on Trade of the House Committee on Ways and Means should not approve H.R. 3684. We appreciate the Committee's consideration of these comments, and we would be pleased to provide any additional information the Committee would find helpful.

Sincerely,

KAREN ROSS

GIUMARRA VINEYARDS
BAKERSFIELD, CA
May 19, 2000

Mr. A. L. Singleton
Chief of Staff
Committee on Ways and Means
U. S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Mr. Singleton:

Giumarra Vineyards is a family owned farming company located in the southern San Joaquin Valley of California, near Bakersfield. We are one of California's largest producers of grape concentrate as well as being a wine producer, table grape grower and producer of other agricultural crops. We are the largest employer in Kern County, California, with over 4000 employees -many of whom depend on our grape concentrate business for their employment.

As a company whose economic success depends in large part on this grape concentrate business, we strongly oppose HR 3684 which allows for duty drawback for grape juice concentrates made from Concord or Niagara grapes. HR 3684 would cause an increase in the importation of foreign concentrate -an increase that would be artificially motivated by the duty drawback rather than by normal economic considerations. This increase will result in a decrease in the value and use of U.S. grown grapes to the great economic disadvantage of U.S. growers and U.S. workers.

For this reason, then, as well as the reasons set forth in the May 12, 2000, letter from the California Association of Winegrape Growers (CAWG) to the committee on Ways and Means, Giumarra Vineyards strongly opposes H.R. 3684 and respectfully requests that the Committee *not* approve H.R. 3684.

Sincerely yours,

JOHN GIUMARRA,
Vice President

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[5] Based on 1999 Grape Juice Concentrate Import/Export Report by IV International.

NATIONAL GRAPE CORPERATIVE INC.
WESTFIELD, NY
May 18, 2000

Mr. A. L. Singleton, Chief of Staff
Committee on Ways and Means
U. S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Mr. Singleton:

I am writing to support H. R. 3684, a bill which will amend the customs duty drawback law and which will assist exports of products made with American Concord and Niagara grapes.

I am a farmer in Washington where I have grown Concord and Niagara grapes for over 17 years. I am also a member of the board of directors of National Grape Cooperative Association, Inc. In addition to the juice grapes, I also grow wine grapes and I am a board member of the Washington State Wine Commission as well as a past president of the Washington Association of Wine Grape Growers.

This bill will help growers of Concord and Niagara grapes by allowing customs duty drawback on exports of products containing juice concentrate made from our grapes. This bill is important to growers in Washington where most of these products are manufactured and exported from the Port of Seattle to Japan and other Pacific Rim countries.

H.R. 3684 will have no effect on the domestic market for grape juice concentrate. This amendment, however, will help to **increase export** by allowing duty drawback on exported grape juice products grown and manufactured in the United States. Increased exports of U.S. Concord and Niagara grape concentrate will increase **overall demand for all domestic grape juice products**.

Thank you for allowing me to comment on this bill. Please approve H. R. 3684 as part of the next miscellaneous trade bill.

Sincerely,

RICHARD A. BOUSHEY

NATIONAL GRAPE COOPERATIVE INC.
CONCORD, MA
May 18, 2000

Mr. A. L. Singleton, Chief of Staff
Committee on Ways and Means
U. S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Mr. Singleton:

I am writing to support H. R. 3684, a bill which will amend the customs duty drawback law and which will assist exports of products made with American Concord and Niagara grapes.

I am a farmer in Washington where I have grown Concord and Niagara grapes for over 30 years. I am also president of the National Grape Cooperative Association, Inc. and the chairman of the board of directors of Welch Foods, Inc., A Cooperative.

Welch's serves its owner-growers by providing a predictable, growing market for their Concord and Niagara grapes. Welch's has been recognized as one of the most successful agricultural cooperatives in the country. That success is based on growing the domestic and international markets for our grapes.

This bill will help growers of Concord and Niagara grapes by allowing customs duty drawback on exports of products containing juice concentrate made from our grapes. This bill is important to growers in Washington where most of these products are manufactured and exported from the Port of Seattle to Japan and other Pacific Rim countries.

H.R. 3684 will have no effect on the domestic market for grape juice concentrate. This amendment, however, will help to **increase exports** by allowing duty drawback on exported grape juice products grown and manufactured in the United

States. Increased exports of U.S. Concord and Niagara grape concentrate will increase overall demand for grape juice products.

Thank you for allowing me to comment on this bill. Please approve H. R. 3684 as part of the next miscellaneous trade bill.

Sincerely,

FREDRICK P. KILIAN
President
Chairman of the Board
Welch Foods Inc., A Cooperative

NATIONAL GRAPE COOPERATIVE INC.
CONCORD, MA
May 15, 2000

Mr. A. L. Singleton, Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Mr. Singleton:

Welch Foods Inc., A Cooperative (Welch's) and the National Grape Cooperative Association, Inc. are pleased to support H. R. 3684 as part of the next miscellaneous tariff and trade bill. This technical amendment of the duty drawback law is specifically intended to benefit exports of products manufactured in the United States with the American Concord and Niagara varieties of grapes.

The effect of this amendment will be to increase exports of products made from Concord and Niagara grapes grown in Washington, New York, Pennsylvania, Michigan and Ohio, and to give them equal treatment under the drawback law to exported products made from vinifera grapes typically grown in California.

Welch's does not believe that this bill will injure any U. S. grape growers and that the bill will assist exports.

BACKGROUND:

Welch's is the processing and marketing affiliated cooperative of the National Grape Cooperative Association, Inc., whose owner-growers supply Welch's with its principal raw products, Concord and Niagara Grapes. The Cooperative is made up of 1,497 growers who cultivate over 44,000 acres of vineyards in Michigan, New York, Ontario-Canada, Ohio, Pennsylvania, and Washington. Welch's manufacturing plants are located in Lawton, Michigan; North East, Pennsylvania; Westfield, New York; and Grandview and Kennewick Washington.

Welch's had its beginnings in 1869 when Dr. Thomas Bramwell Welch successfully processed an unfermented Concord grape wine that could be used in his church's communion service. Headquartered in Concord, Massachusetts, Welch's is the worlds leading marketer of Concord and Niagara grape-based products, including grape juice and jelly.

These products are sold by the food store, special markets, food service, industrial and military, licensing and international divisions throughout the United States and in more than 30 countries around the world. In its most recently completed fiscal year, Welch's sales totaled over $600 million.

Welch's is largely responsible for developing the retail market for grape juice products in the United States. All American grape growers and grape juice producers have benefited from this market development by Welch's, including growers and producers of vinifera grape juice concentrates in California and other states.

The mission of the Company as a cooperative is to maximize the long-term value of its growers and to provide a reliable market for their grapes through excellence in product quality, customer service, market growth and customer satisfaction. To this end, Welch's has been working with local distributors and manufacturers in Japan and other Pacific Rim countries since the 1970's. This effort has resulted in a substantial market for our exports of grape juice concentrate and other products manufactured in the United States using American Concord and Niagara grapes.

Welch's has also dramatically expanded its product line and distribution methods to insure its long term growth and demand for products made from the grapes

grown by its cooperative members. This growth, together with year to year crop variations, requires the Company to purchase large quantities of grape juice concentrates from producers in California. Some concentrate is also purchased from foreign suppliers.

Under the Customs Duty Drawback law [Section 313 of the Tariff Act of 1930, 19 U.S.C. 1313(b)] products manufactured in the United States and then exported are eligible for a refund of customs duties (duty drawback) if they contain imported ingredients, or domestic ingredients of the "same kind." The U.S. Customs Service has advised Welch's that duty paid on imported concentrates, which are mostly white in color, cannot be claimed against the Company's exported products, which are mostly purple in color. This technical determination denies Welch's a significant export incentive and benefit.

Exports of grape juice concentrates produced from the vinifera grapes typically grown in California are already considered by Customs to be of the "same kind" as foreign concentrates. Duty drawback is allowed on exports of such concentrates.

INTENT OF PROPOSED AMENDMENT:

The proposed amendment is intended to replace Customs' restrictive interpretation by allowing duty drawback on grape juice concentrates made from Concord or Niagara grapes. This amendment and the underlying section of the law (19 U.S.C. 1313(b)) apply **only** to exported grape juice-based products that are manufactured in the United States. As such, the proposed amendment is designed to bring U.S. Customs treatment of Concord and Niagara grape juice concentrates into conformance with the underlying goals of duty drawback: i.e., to promote U.S. manufacturing and export sales.

CONCERNS OF CALIFORNIA GROWERS:

Some grape growers in California have expressed concern that this amendment to the drawback law will disrupt the U. S. grape juice concentrate market. The amendment will have no effect on the domestic market for grape juice concentrate except to the extent that it increases exports and thereby increases overall demand for grape juice products.

Our principal business objective is to provide a predictable, growing market for our products. Welch's is, after all, an agricultural cooperative owned by grape farmers. We have been recognized as one of the most successful agricultural cooperatives in the country. Our success is based on growing our markets in the United States and abroad.

Welch's has funded most of the national and international advertisement for grape juice products since as early as the early 1900's. **All** growers and producers of grape juice products in the United States have benefited from our market development. California growers and concentrate producers have seen substantial, direct benefits as Welch's purchases large quantities of concentrate from them.

No foreign producer will receive any direct benefit on any product that it sells into the U. S. market. The duty drawback law allows refunds of duties when products are **exported**. The amendment will benefit U. S. manufacturers of products using Concord and Niagara grapes that are **exported**. It will make those exported products more competitive in foreign, not U. S., markets.

CONCLUSION:

For the above reasons, we ask the Subcommittee on Trade to approve H. R. 3684. Thank you very much for the opportunity to comment on this bill.

Sincerely,

VIVIAN TSENG
Vice President, General Counsel and Secretary
Welch Foods Inc., A Cooperative

Statement of the National Juice Products Association

Pursuant to the April 20, 2000 advisory by the Subcommittee on Trade of the Committee on Ways and Means, the National Juice Products Association ("NJPA") submits the following statement for consideration by the Committee and for inclusion in the printed record. The statement briefly comments on H.R. 3684, a bill to amend section 313 of the Tariff Act of 1930 to allow duty drawback for grape juice

concentrates made from Concord or Niagara grapes. The statement also addresses the more fundamental issue of how Customs is administering the drawback program to the detriment of the U.S. juice producing industry.

NJPA is a national trade association comprised of over 70 juice growers and processors located throughout the United States. *See* membership list at Attachment 1. A number of NJPA members import concentrated juice products for manufacturing and these members are heavily reliant on the drawback program to maintain the competitiveness of their domestic processing operations, particularly in foreign markets.

NJPA believes that H.R. 3684 is symptomatic of a fundamental problem in the implementation of the drawback statute by the U.S. Customs Service, including the most recent amendments to that statute. Through these comments, NJPA hopes to direct the attention of the Committee to the need to address this issue or risk jeopardizing the continued ability of U.S. juice processors to compete in overseas markets.

1. SUMMARY OF H.R. 3684

H.R. 3684 would amend the Tariff Act of 1930 to authorize the substitution of certain grape juice concentrate regardless of color, variety, or any other characteristic for purposes of the drawback of import duties on such products. The legislation is rooted in Customs' narrow construction of the substitution provisions of the manufacturing drawback statute (19 U.S.C. § 1313(b)).

NJPA does not oppose this legislation. NJPA believes, however, that the Committee needs to consider the more fundamental issue of how Customs is implementing the drawback statute, to the extent the law permits the substitution of imported and domestic merchandise. This issue arises, in particular, in connection with the filing of unused merchandise substitution drawback claims, which is discussed next.

2. SUBSTITUTION OF JUICE CONCENTRATES IN THE FILING OF UNUSED MERCHANDISE SUBSTITUTION DRAWBACK CLAIMS

The Customs Modernization and Informed Compliance Act (Mod Act) established a new and more liberal standard of substitution for purposes of claiming drawback under the unused merchandise substitution drawback provision set forth in section 313(j)(2) of the Tariff Act of 1930, 19 U.S.C. § 1313(j)(2). The new standard, commercial interchangeability, replaced the narrow standard of fungibility, which severely limited the use of unused merchandise substitution drawback (previously substitution same condition drawback) under the pre-Mod Act drawback regime.

In determining whether two articles are commercially interchangeable for drawback purposes, Congress set forth in the legislative history to the Mod Act certain criteria to be considered including, but not limited to, governmental and industry standards, part numbers, tariff classification and relative values. The standard of commercial interchangeability was intended by Congress to more closely align the administration of the drawback law with commercial realities. Unfortunately, Customs' application of the new standard to the juice producing industry has been fraught with problems. The problem arises because, for a number of juice products, there exist no governmental and industry standards that would facilitate a commercial interchangeability analysis. Similarly, the relative values that are reflective of market pricing in the juice producing industry can vary for a number of reasons that have little or nothing to do with the quality or commercial substitutability of the product. The reasons might include fluctuations in supply, weather conditions, or the seasonality of various types of fruits. The absence of governmental standards and the problems inherent in a relative value analysis have, therefore, virtually eliminated the availability of unused merchandise substitution drawback to the juice producing industry, notwithstanding the intent of Congress to increase its availability and enhance U.S. producers' ability to export their products.

NJPA, therefore, urges Congress to amend the drawback statute to accomplish the goals of the Mod Act. NJPA does not seek a change in the standard of commercial interchangeability but, rather, a change in the statute to recognize that specific concentrated juice products for manufacturing, whether they are produced domestically or overseas, are bulk commodities that are commercially interchangeable. With respect to concentrated orange juice for manufacturing, the one juice product for which a recognized governmental standard does exist, the USDA grading system is the single most important factor upon which COJM is traded. An amendment that therefore defines commercial interchangeability for purposes of COJM on the basis of the standards of identity that comprise the USDA grading system would be of great benefit. Thus, for example, imported COJM that is rated Grade A under the

USDA grading system would be deemed commercially interchangeable with domestic, duty-paid or duty free merchandise that is rated Grade A, provided that the products also fall within the range of 93–96 for total USDA scores (based on color, defects and flavor). Drawback could be claimed on the exportation of domestic, duty-paid or duty free Grade A COJM (with USDA scores in the range of 93–96), provided that the other requirements of the drawback law are met.

With respect to other juice products, unused merchandise substitution drawback should be permitted based on the existence of the identical 8-digit Harmonized Tariff Schedule Numbers that define them.

3. Conclusion

The concerns reflected in H.R. 3684 are merely symptomatic of a more fundamental problem with the administration of the drawback program by U.S. Customs with respect to the entire U.S. juice producing industry. The problem is caused by Customs' narrow application of the legal standard for substitution, both with respect to manufacturing and unused merchandise drawback. The situation is particularly troublesome with respect to unused merchandise drawback, where Congress has recently established a new and *more liberal* standard, which Customs has refused to properly implement. Even the courts have recently rejected Customs' narrow application of the standard. *SeeTexport Oil Company v. United States*, Slip. Op. 98–1352,–1353, – 1373 (Fed. Cir. 1999).

We respectfully ask that Congress and this Committee revisit these issues, or the competitiveness of the U.S. juice producing industry in world markets will be severely undermined.

Atttachment 1

National Juice Products Association

Regular Members

Agrigold Juice Products
A. Lassonde, Inc.
American Fruit Processors
Americana Juice Products
Bascitrus Agro Industria
Camerican, A Con-Agra Co.
Canadaigua Concentrates
Cargill Citro-America
Caulkins Indiantown Cit.
CCPA/Valley Foods
Chiquita Brands, Int'l
Citrofrut, S.A.
Citrosol, S.A. De C.V.
Citrosuco North America
Citrosuco Paulista, S.A.
Citrus Belle, Div. A. Duda
Citrus Products, Inc.
Citrus World, Inc.
Clement Pappas & Co., Inc.
Cliffstar Corporation
Coca-Cola Foods
Confrutta, S.A.
Country Pure Foods
Cutrale Citrus Juices USA
Del Monte Foods
Del Oro, S.A.
Delano Growers Grape
Dinter GMBH
Dole Packaged Foods
Farmland Dairies, Inc.
Florida Flavors, Inc.
Flavors From Florida
Florida Global Citrus Ltd.
Golden Gem Growers, Inc.
Givadaun Roure
Gregory Packaging Int'l
H.J. Heinz Company
Holly Hill Fruit Products
Home Juice Company
Johanna Farms, Inc.
Jugos Concentrados, S.A.
Jugos Del Sur, S.A.
Juguera Veracruzana, S.A.
The Kroger Co.
Le Vignoble, S.A.
Lykes Pasco, Inc.
McCain Citrus, Inc.
Nestle
Northland Cranberries, Inc.
Ocean Spray Cranberries
Old Orchard Brands
Olympic Foods, Inc.
Orange-Co., Inc.
Orfiva, S.A.
Peace River Citrus Prod.
Pepsico, Inc.
Sabroso Company
San Joaquin Valley
Silver Springs Citrus Coop.
Sociedad Cooperativa
Sunbase U.S.A., Inc.
Sundor Brands, Inc.
Sunkist Growers, Inc.
Sun Pac Foods, Inc.
Sunpure
Tecnovin Do Brasil Icie, Ltda
Texas Citrus Exchange
Ticofrut, S.A.
Tree Top, Inc.
Tropicana Products, Inc.
United States Sugar Corp.
Ventura Coastal Corp.
Very Fine Products, Inc.
Vicente Trapani, S.A.

Vie Del Company
Vita-Pakt Citrus Prod. Co.
Welch's
Winter Garden Citrus

National Juice Products Association

ASSOCIATE MEMBERS

A.G. Edwards & Sons
A.M. Beebe Company
American National Can
Automatic Machinery
B.A. Carlson of Fla.
Bowen Juices Int'l
Bradford Company
Brown International
Cargill Investor Services
Cerestar
Champion International
Citrico, Inc.
Citrus Assoc. N.Y. Cotton
Combibloc
Continental Plastic
Daystar Robinson Int'l
Directus International
Ecolab-Food and Bev. Div.
Eni Laboratories
Enerfab
Elopak, Inc.
Export Packers Co. Ltd.
Fabri-Kal Corp.
Ferreiro and Company
Fimat Futures USA, Inc.
Fleming Packaging
Florida Bulk Sales
Florida Worldwide Cit.
FMC Corporation
FMC do Brasil
G.B. International, Inc.
Graham Packaging Company
Harris Hollow Froz. Fruit
Hartog Foods Int'l
International Paper
Jefferson Smurfit Corp.
Johnson Controls, Inc.
Kendall Frozen Fruits
Leeward Resources
Koch Membrane
Merrill, Lynch, etc.
Miller & Smith Foods
Oakley Groves, Inc.
Paine Webber
Pittra Incorporated
Potomac Foods of VA
Premier Juices, Inc.
Purcell & Assoc.
Purkel Products, Inc.
Ryan Trading Corp.
Scholle Corp.
Sethness-Greenleaf
Silgan Containers
Smith Barney Shearson
Sonoco Products Co.
Tetra-Pak, Inc.
Vincent Corporation
White Cap, Inc.

Statement of Hon. Bill Thomas, a Representative in Congress from the State of California

IN OPPOSITION TO H. R. 3684

I cannot support H. R. 3684 because it undermines the rules for duty drawback and fundamentally changes the nature of the program into a new agricultural export subsidy. For all practical purposes, it would have the same effect as H.R. 194, a drawback proposal which I continue to oppose.

The drawback rules are intended to promote U.S. trade. Drawback prevents duties on inputs used to create U.S. export goods from becoming a drag on those goods' international sales. By providing drawback, current law recognizes that the imports or an equivalent amount of U.S. product will be returned to international commerce.

H. R. 3684 and H.R. 194 would allow exporters of American grape juice concentrate to obtain refunds of duties paid on imported concentrate even though the concentrates exported and imported are not the same product. The bill would permit an exporter of grape juice concentrate to obtain duty refunds in cases where American Concord or Niagara grape juice concentrate had been exported and other grape juice concentrate imported.

What H. R. 3684 creates is a new form of export subsidy. The trade does not consider the Concord or Niagara grape concentrates to be the commercial equivalent of other red or white grape concentrates. Concord and Niagara juices have a unique taste. In fact, well over 90% of the world's production of both Concord and Niagara grapes occurs in the United States. As a result, enactment of H.R. 3684 would create an incentive to export American Concord and Niagara grape juice concentrates by transferring duties on imported grape concentrates to the exporter. Like H. R. 194, H.R. 3684 would thus allow U.S. concentrate exporters the unique benefit of being rewarded by the U.S. Treasury for having exported a product that is not the

commercial equivalent of the product being imported. American industries exporting other products are certain to seek similar treatment.

Export subsidies seriously distort international trade. At a time when the United States is seeking to improve the World Trade Organization trade regimes, it would not be wise to adopt a new means of subsidizing some farm exports. As a result, I must oppose H. R. 3684.

H.R. 3704

To amend the Harmonized Tariff Schedule of the United States with respect to certain toys.

see International Mass Retail Association, under H.R. 1622

AMERICAN APPAREL MANUFACTURERS ASSOCIATION
ARLINGTON, VA
May 17, 2000

Mr. A.L. Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

REF: NO. TR–20

Dear Mr. Singleton:

On behalf of the American Apparel Manufacturers Association, the national trade association of the apparel industry, I am writing to express our industry's perspectives on several pieces of legislation currently pending before the Ways and Means Trade Subcommittee for possible consideration in an upcoming miscellaneous duty bill.

1. HR 3704/S 2128

AAMA Position: Opposed.

The legislation seeks to reclassify certain costumes or dress-up outfits as toys, even when they are made of textile materials, simply by packaging them with toys and other accessories. When classified as toys, such apparel would then enter the United States duty and quota free. AAMA is concerned that this change would create an unintentional "back door" through which many kinds of garments could enter duty and quota free, merely by being packaged with toys and marketed as "dress up sets." If Congress intends to create duty and quota free trade in apparel, it should do so as the result of a determined public policy and not as the accidental consequence of a marketing tool.

In addition, the proposal effectively drops the duty on certain kinds of finished garments, while leaving intact the duty on the component textile parts. Such a change constitutes a tariff inversion that effectively subsidizes foreign production at the expense of domestic manufacturers. We find no compelling reason to create such a tariff inversion with these products in this manner.

Finally, at least one AAMA member who makes costumes in the United States has expressed explicit opposition to this legislation, stating its enactment and the competitive disadvantage to which it will subject them will cause irreparable harm.

2. HR 4229/S. 2245

AAMA Position: Supports

This legislation corrects and updates a definition for Harris Tweed wool. This change is technical in nature, but is necessary so as to avoid inadvertent discrimination against the import of the affected HTS lines

3. HR 4337

AAMA Position: Supports

This legislation makes changes necessary to implement the Entry Revision Project (ERP) proposal, promulgated by the U.S. Customs Service. ERP is intended to streamline and simplify the entry process, and to bring customs processes in line with modern business practices. AAMA strongly supports efforts to simplify customs processes, especially in the area of textiles and apparel where documentation requirements are unusually burdensome. Customs has signaled that, for the purposes of the new authority, treatment of textile and apparel imports will be based on the same criteria as other sectors, subject to other statutory requirements. On the basis of that understanding, AAMA endorses HR 4337.

Thank you. Please contact me on 703–524–1864 if you have any further questions.

Sincerely,

STEPHEN LAMAR
Director, Government Relations

AMERICAN TEXTILE MANUFACTURERS INSTITUTE
WASHINGTON, DC
May 16, 2000

Mr. A.L. Singleton, Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

The American Textile Manufactures Institute (ATMI), the national association of the domestic textile mill products industry, offers the following comments regarding H.R. 3704, a bill to amend the Harmonized Tariff Schedule of the United States with respect to certain toys.

The effect of this bill would be to have costumes made of fabric—a textile material—treated as "other toys" and not subject to import duty or the quantitative restraints governing imports of textile and apparel products until January 1, 2005. ATMI is strongly opposed to this proposed legislation on the grounds that it flies in the face of past Congressional intent and would convey substantial benefits—unilaterally—to an undeserving trading partner.

Costumes, whether they be for Halloween, parties, children's play or any other activity, are not "other toys." They are made of fabric and worn on the body. Thus, they are wearing apparel, pure and simple. Imported wearing apparel is subject to duty and, where appreciable, quantitative restraint -quotas. Through eight rounds of multilateral trade negotiations convened under the (former) General Agreement on Tariffs and Trade (GATT), Congress had the opportunity to eliminate duty on wearing apparel and declined, with good reason, to do so. Now it is confronted with a bill which asks Congress to overturn its policy of fifty years' standing.

Imports of wearing apparel are also subject to various restraints maintained under the World Trade Organization Agreement on Textiles and Clothing until 2005. Congress ought not to, with respect to the apparel items in question, invalidate a multilateral agreement painstakingly negotiated by the United States and nearly one hundred other countries.

Perhaps the most unsettling aspect of H.R. 3704, however, is the primary beneficiary. The great majority of costumes imported into the United States are made in China. China has done nothing to warrant the United States' providing it with benefits worth tens of millions of dollars.

In fact, China's actions with respect to trade in textiles and apparel warrant the most severe opprobrium, not a generous reward. China has and continues to transship billions of dollars' worth of textiles and apparel to the U.S. in order to avoid its mutually agreed quotas. Chinese exporters (most often the Government of China), in collaboration with dishonest American importers, have committed every other kind of Customs fraud there is. China subsidizes and dumps textiles in the United States. China has stolen American textile designs and patterns. One is hard pressed to find an offense China has not committed.

Domestic producers of cloth costumes operate in the United States despite China's past efforts to drive them all out of business. ATMI members supply fabric to these domestic costume manufacturers.

If H.R. 3704 becomes law, these remaining manufacturers will be driven out of business, many jobs lost and the domestic textile industry will lose a valued customer. Congress should not allow this to happen.

Sincerely,

CARLOS MOORE,
Executive Vice President

Statement of Mattel, Inc., El Segundo, California

This statement is submitted on behalf of Mattel, Inc. in connection with the April 20 request for public comment by the House Committee on Ways and Means regarding the package of miscellaneous trade bills being prepared by the committee. Mattel strongly supports the inclusion in this package of legislation which would require the U.S. Customs Service to classify all "dress-up sets and outfits, marketed year-round for the amusement of children in role-play activity, whether or not of textile materials and parts and accessories thereof," as toys in subheading 9503.70.10 of the Harmonized Tariff Schedule of the United States (HTSUS). This legislation was introduced by Rep. Xavier Becerra as H.R. 3704 on February 29, 2000.

Headquartered in El Segundo, California, Mattel is the world's largest toy company, with 1999 sales of $5.5 billion in over 150 countries. The company has manufacturing, distribution and sales operations in the United States and 35 other countries, with over 7,700 U.S. employees and a global workforce of 31,000.

Mattel, like many other U.S. toy companies, imports and markets dress-up sets as part of its broader line of toy products. There is no known production of dress-up sets in the United States.

The dress-up sets addressed by H.R. 3704 are designed, marketed and sold year round for the amusement of children in role-playing activities. They are imported by toy companies and others, and are marketed principally through toy stores and toy departments of retail stores.

The products to which H.R. 3704 relates consist of various assortments of articles packaged together for retail sale, to permit a child to play doctor, nurse, grown-up lady, ballerina, mermaid, actress, model, bride, princess, cheerleader, or any other activity or role which children enjoy emulating in role-playing activities.

The composition of these sets varies widely, and includes an assortment of articles to permit a child to play the role selected. These sets usually include any of a variety of accessories, as appropriate to the intended use, such as ballerina slippers, tiaras, apparel, gloves, collars, books, doctor and nurse bags and instruments, and cosmetic kits for model.

Dress-up sets differ materially from Halloween costumes and costumes for other festive occasions which are sold seasonally, prior to various holidays such as Halloween, Christmas, Easter, and other special occasions, and which are sold primarily without accompanying accessories, other than possibly masks, for use solely on the particular festive occasion.

Various importations of dress-up sets have been classified by the U.S. Customs Service under the duty-free provision for "toys put up in sets or outfits," as provided for under HTS 9503.70, or under the duty-free provision for "festive, carnival or other entertainment articles," as provided for under HTS 9505. H.R. 3704 would clarify and confirm the correctness of the classification of dress-up sets composed of various articles put up in sets or outfits for retail sale for the use and amusement of children in role playing, under the provision for "toys put up in sets or outfits" (HTS 9503.70).

Enactment of H.R. 3704 would assist Customs officers in distinguishing dress-up sets from costumes, which usually consist of more elaborate complete articles of wearing apparel without accessories, other than possibly masks. It would also confirm that dress-up sets represent a separate class of products recognized in the trade and commerce of the United States, which are distinguishable from the products which are the subject of certain litigation pending before the U.S. Court of International Trade involving whether "costumes" are classifiable as festive, carnival or other entertainment articles, or as articles of wearing apparel.

Please feel free to contact us should the Committee have any questions regarding this matter.

RUBIE'S COSTUME COMPANY
RICHMOND HILL, NY
May 16, 2000

The Honorable Philip M. Crane
Chairman of the
Subcommittee on Trade
Committee on Ways & Means
233 Cannon House Ofc. Bldg.
Washington, D.C. 20515–1308

RE: TECHNICAL CORRECTIONS TO THE U.S. TRADE LAWS AND MISCELLANEOUS DUTY SUSPENSION BILLS

Dear Mr. Chairman:

This responds to your request for comments regarding the Technical Corrections to U.S. Trade Laws and Miscellaneous Duty Suspension bills now before the Committee. Specifically, as President of Rubie's Costume Co., the largest manufacturer of costumes in the United States, I write in opposition to H.R. 3704. Ostensibly limited only to so-called "dress-up sets," this bill would allow a much wider range of foreign-made textile garments to enter into the United States, duty-free and not subject to quota. This would occur because as drafted, importers could use the proposed new classification to enter textile items, including costumes, as "dress-up sets."

Currently, the U.S. Customs Service treats dress-up sets as consisting of "a combination of articles, most of which are toys . . . . Thus, a police dress-up set would consist of a badge, toy gun, and toy handcuffs." To be classified as a dress-up set, a retail item must not include "wearing apparel-type items" made of textiles. See Customs Ruling NYB88764. For example, Customs has stated that "a ballerina dress-up set would be limited to her shoes and head piece. The presence of her tutu makes the retail package a costume." In short, dress-up sets are currently limited to products which are not considered to be costumes, or other items of apparel.

However, by the terms of H.R. 3704, dress-up sets could be construed to include a wide range of textile products, including costumes. The bill specifically defines dress-up sets as including items "whether or not of textile material." As such, costumes made of textile material, which are currently subject to duty and quota requirements, could be entered duty free as a dress-up set. This represents a radical, and I believe, unintended, departure from the ways such products are currently classified.

Passage of this bill would damage not only domestic costume manufacturers, but producers of other textile products as well. For instance, a child's theme pajamas, like a cowboy, could become a dress-up set by packaging the pajamas with a few accessories. The same result would obtain with respect to T-shirts and a variety of other textile garments.

What is proposed in H.R. 3704 could hardly be characterized as a "technical correction." On the contrary, it represents a fundamental change in the way garments made of textiles are classified for tariff purposes. It would result in serious economic injury to the domestic costume industry and to the thousands of workers it employs in the United States. I urge you to eliminate this provision from the Miscellaneous Tariff bill.

Very truly yours,

MARC BEIGE, PRESIDENT
Rubie's Costume Co. Inc.

TOY ASSOCIATION OF
SOUTHERN CALIFORNIA
LOS ANGELES, CA
May 17, 2000

A. L. Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

RE: COMMENTS IN SUPPORT OF H.R. 3704

Dear Mr. Singleton:

In response to the Committee's Release No. TR–20 of April 20, 2000, The Toy Association of Southern California is pleased to submit its comments in support of H.R. 3704, an act to insure that toys known in the toy industry as "dress-up sets," offered at retail year-round for amusement of children in role-playing, will be classified for tariff purposes in Chapter 95, Harmonized Tariff Schedules of the United States [HTSUS].

Southern California is home to over 500 toy companies. The Toy Association of Southern California is the largest trade group in California representing the toy industry, and its members include manufacturers, importers, and distributors of toys in the greater Los Angeles area.

H.R. 3704 would safeguard the interests of these and other toy companies located throughout the United States. The bill would codify the Customs Service's existing practice of classifying children's dress-up sets in Chapter 95 of the Harmonized Tariff Schedules of the United States (HTSUS), thereby ensuring that imports of these articles continue to receive the duty-free and quota-free treatment they currently enjoy. For over 50 years, the toy industry has manufactured and marketed dress-up sets or outfits consisting of numerous articles (including textile and apparel articles) used for amusement by children in role-playing.

During the last several years, one company which manufactures and imports costumes *and not dress-up sets* has attempted to insure that all costumes and dress-up sets containing any textile components are classified for tariff purposes as textiles and apparel in Chapters 61 and 62, HTSUS, which cover wearing apparel. This would subject dress-up sets, which are generally recognized as not being normal articles of wearing apparel, to high duties and tight quotas, requiring costly textile visas. This would price these articles out of the market, above prices consumers are willing to pay for play articles. H.R. 3704 would guard against that result, thereby protecting the interests of U.S. toy companies and consumers.

Inasmuch as the toy industry regards dress-up sets or outfits marketed year round for amusement of children in role-playing, as toys, our Association fully supports H.R. 3704, and asks that it be included in any miscellaneous trade bill prepared by the Committee for consideration by Congress during its present session.

Very truly yours,

LEETON LEE,
President

H.R. 3714

To extend the temporary suspension of duty on DEMT.

BAYER CORPORATION, U.S.A.
PITTSBURGH, PA 15205–9741
May 16, 2000

Mr. A. L. Singleton
Chief of Staff
House Committee on Ways and Means May 16, 2000
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

SUBJECT: H.R. 3714—A BILL TO EXTEND THE DUTY SUSPENSION ON DEMT

Dear Mr. Singleton:

Bayer Corporation is a research-based company with major businesses in health care and life sciences and chemicals. The company had 1999 sales of $8.9 billion and employs more than 22,200 people throughout the United States and is headquartered in Pittsburgh, Pennsylvania. Bayer Corporation is a member of the worldwide Bayer Group, a $29 billion international life sciences, polymers and specialty chemicals group based in Leverkusen with 120,400 employees worldwide.

Bayer Corporation is a regular importer of DEMT. Bayer's Industrial Chemicals Division, headquartered, and with major import operations in Pittsburgh, Pennsylvania would benefit from the extension of the tariff suspension on DEMT.

Bayer AG in Uerdingen, Germany produces DEMT, which is imported by Bayer Corporation. Bayer Corporation sells the imported DEMT to Eastman Chemical in Kingsport, TN. Eastman Chemical, in turn, uses DEMT to make color developers for photographic film. Color developers applied to film, precipitate film development. According to Eastman, approximately 100 jobs are devoted to color developers, which could be adversely impacted if the DEMT tariff suspension is not renewed. There are no domestic suppliers of DEMT. DEMT is also competitively produced in India. Finished color developers are currently being imported from China. Extending the DEMT tariff suspension would promote the domestic production of color developers. The DEMT tariff suspension would also assist domestic color developer producers in being competitive with color developer manufacturers in China.

We hope this supplemental information is useful in the House Ways and Means Committee deliberations regarding extending the tariff suspension for DEMT, proposed in H.R. 3714. Please do not hesitate to contact me at Tel: 412–777–5616 with any questions. In the event that I am unavailable, Julie Van Egmond in our Washington office (Tel.: 202–756–3773) or Karen Niedermeyer at our Pittsburgh location (Tel: 412–777–2058) could be of assistance.

Sincerely,

STEPHEN R. JOHNSEN

H.R. 3715

To revise the article description for monochrome glass envelopes under the Harmonized Tariff Schedule of the United States.

NO COMMENTS SUBMITTED.

H.R. 3716

To suspend temporarily the duty on a certain ultraviolet dye.

Statement of Honeywell International Inc.

H.R. 3716

Honeywell International Inc. (Honeywell) appreciates the opportunity to comment on H.R. 3716, introduced by Representative Robert Matsui of California. This measure provides for temporary suspension of the U.S. import duty on a certain ultraviolet dye, classified under 2931.00.30 of the Harmonized Tariff Schedule of the United States (HTSUS).

Granting a suspension of the duty on the product subject to this legislation is justified and appropriate. To our knowledge there is no U.S. commercial production of the exact product in question. For this reason passage of H.R. 3716, while having a positive impact on the competitiveness of Honeywell and many of its U.S. customers, would not have a detrimental effect on an U.S. industry.

Description of Honeywell

Honeywell is a US$25-billion diversified technology and manufacturing leader, serving customers worldwide with aerospace products and services; control technologies for buildings, homes and industry; automotive products; power generation systems; specialty chemicals; fibers; plastics; and electronic and advanced materials. Honeywell was formed by the December 1999 merger of AlliedSignal Inc. and Honeywell Inc.

The company is a leading developer of software, solutions, and Internet e-hubs, including MyAircraft.com and MyPlant.com. Honeywell employs approximately 120,000 people in 95 countries and is traded on the New York Stock Exchange under the symbol HON, as well as on the London, Chicago and Pacific stock exchanges. It is one of the 30 stocks that make up the Dow Jones Industrial Average and is also a component of the Standard & Poor's 500 Index.

Description of the Product and Its Uses

This compound can be added to certain formulations to perform as an ultraviolet light absorbing dye. The compound has been custom designed by Honeywell for use in proprietary Honeywell formulations.

Granting Suspension of Duty on This Ultraviolet Dye is Warranted

There is no U.S. commercial production of the product subject to this legislation. Because of the product's strictly proprietary nature, we are certain Honeywell is the only worldwide producer and importer of this dye. Further, based on import projections for this product for the period covered by H.R. 3716, this legislation also complies with the Committee's "no-cost" requirement.

Summary

There is no U.S. commercial production of the compound on which suspension of duty is being sought. This legislation also meets the Committee's "no cost" criterion.

For these reasons passage of H.R. 3716, while having a positive impact on the competitiveness of Honeywell and many of its U.S. customers, would not have a detrimental effect on an U.S. industry. Granting temporary suspension of the duty on the product subject to this legislation is justified and appropriate.

Honeywell thanks the Committee for its careful consideration of our testimony.

H.R. 3717

To suspend temporarily the duty on Vinclozolin.

NO COMMENTS SUBMITTED.

H.R. 3718

To suspend temporarily the duty on Tepraloxydim.

NO COMMENTS SUBMITTED.

H.R. 3719

To suspend temporarily the duty on Pyridaben.

NO COMMENTS SUBMITTED.

H.R. 3720

To suspend temporarily the duty on 2-Acetylnicotinic acid.

NO COMMENTS SUBMITTED.

H.R. 3721

To suspend temporarily the duty on SAMe.

NO COMMENTS SUBMITTED.

H.R. 3722

To suspend temporarily the duty on Procion Crimson H–EXL.

NO COMMENTS SUBMITTED.

H.R. 3723

To suspend temporarily the duty on Dispersol Crimson SF Grains.

NO COMMENTS SUBMITTED.

H.R. 3724

To suspend temporarily the duty on Procion Navy H–EXL.

NO COMMENTS SUBMITTED.

H.R. 3725

NO COMMENTS SUBMITTED.

To suspend temporarily the duty on Procion Yellow H–EXL.

H.R. 3726

To suspend temporarily the duty on ortho-phenyl phenol ("OPP").

BAYER CORPORATION, U.S.A.
PITTSBURGH, PA 15205–9741
May 11, 2000

A. L. Singleton
Chief of Staff
House Committee on Ways and Means May 11, 2000
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

SUBJECT: H.R.3726 ORTHO-PHENYLPHENOL ("OPP")

Dear Mr. Singleton:

Bayer Corporation is a research-based company with major businesses in health care and life sciences and chemicals. The company had 1999 sales of $8.9 billion and employs more than 22,200 people throughout the United States and is headquartered in Pittsburgh, Pennsylvania. Bayer Corporation is a member of the worldwide Bayer Group, a $29 billion international life sciences, polymers and specialty chemicals group based in Leverkusen with 120,400 employees worldwide.

Bayer Corporation is a regular importer of ortho-Phenylphenol ("OPP"). Bayer's Logistics Division, with major import operations at Pittsburgh, Pennsylvania and Bayer warehouses in Pennsylvania, Chicago, South Carolina, Texas and California as well as Bayer's customers in Michigan, Georgia, Florida, Massachusetts, Kansas, Illinois, Pennsylvania, Ohio, Missouri and New Jersey would benefit from tariff suspension on this product. Ortho-Phenylphenol is effective for U.S. customers against a wide variety of mold fungi and bacteria for the preservation of glues and adhesives. It is also used in U.S. industry in preservation applications for polymer emulsions (coatings, PVA systems and rubber), thickeners, paper, textiles, dyes, metalworking fluids, air filter oils, printing inks and polishes and waxes. Orthophenylphenol also benefits the U.S. lumber industry as a temporary sapstain control of fresh cut lumber and the building industry as a preservative for concrete additives and masonry. Bayer is the sole producer of ortho-Phenylphenol, which is not produced in the United States. There is a foreign producer of other phenolic biocides in the United Kingdom by the name of Nipa.

We hope this supplemental information is useful in the House Ways and Means Committee deliberations regarding the proposed tariff suspension for ortho-Phenylphenol bill number H.R. 3726. Please do not hesitate to contact me at Tel: 412–777–2058 with any questions. In the event that I am unavailable, Julie Van Egmond in our Washington office (Tel.: 202–756–3773) or Stephen Johnsen at our Pittsburgh location (Tel: 412–777–5616) could be of assistance.

Sincerely,

KAREN L. NIEDERMEYER

H.R. 3727

To suspend temporarily the duty on 2-Methoxypropene.

NO COMMENTS SUBMITTED.

H.R. 3728

To reduce temporarily the duty on 3,5-Difluroaniline.

NO COMMENTS SUBMITTED.

H.R. 3729

To reduce temporarily the duty on Quinclorac.

NO COMMENTS SUBMITTED.

H.R. 3730

To suspend temporarily the duty on Dispersol Black XF Grains.

NO COMMENTS SUBMITTED.

H.R. 3731

To suspend temporarily the duty on fluroxypyr 1-methylheptyl ester (FME).

NO COMMENTS SUBMITTED.

H.R. 3733

To reduce temporarily the duty on ethylene/tetrafluoroethylene copolymer (ETFE).

NO COMMENTS SUBMITTED.

H.R. 3734

To suspend temporarily the duty on monolite green 860.

SUN CHEMICAL CORPORATION
CINCINNATI, OH
May 18, 2000

Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

SunChemical Corporation Colors Group requests that these following entries be removed from the Temporary Duty Suspension List; Dyes & Pigments:

HR3734, Monolite Green 952, Pigment Green 7 (PG7)
HR3735, Monolite Green 860, Pigment Green 36 (PG36)

These organic green pigments are produced by Colors Group, SunChemical Corporation, for the printing ink, coatings and plastics by our manufacturing plants located in Staten Island, NY; and, in Cincinnati, Ohio. With SunChemical Colors Group pigment and colorant annual sales near $300 million, these organic phthalocyanine pigment greens, PG7 and PG36, comprise a significant portion of the total organic pigments that SunChemical Colors Group produce specifically for the printing ink and automotive coatings markets.

Pigment imports over these past 7 years have significantly eroded our sales and margin volumes.Consequently, any lower duties on these pigment green items would seriously impact our ability to manufacture and compete in this printing ink marketplace.

Based in Cincinnati, OH, with over 700 employees, SunChemical Colors Group have become one of the top three world recognised producers of synthetic organic pigments.Our Research and Development Group have applied considerable effort on innovative and technical development of our high quality Sunfast Green PG7 and PG36 pigments.

I would appreciate your consideration on these important issues.

Sincerely,

STEPHEN J. SCHMIDT,
Vice President of Purchasing

[An attachment is being retained in the Committee files.]

H.R. 3735

To suspend temporarily the duty on monolite green 952.

see SunChemical Corporation, under H.R. 3734

H.R. 3736

To suspend temporarily the duty on solsperse 17260.

NO COMMENTS SUBMITTED.

H.R. 3737

To suspend temporarily the duty on solsperse 17000.

NO COMMENTS SUBMITTED.

H.R. 3738

To suspend temporarily the duty on solsperse 5000.

NO COMMENTS SUBMITTED.

H.R. 3739

To suspend temporarily the duty on monolite blue 3R.

SUN CHEMICAL CORPORATION
CINCINNATI, OH
May 18, 2000

Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

SunChemical Corporation Colors Group requests that these following entries be removed from the Temporary Duty Suspension List; Dyes & Pigments:

HR3739, Monolite Blue 3R, Pigment Blue 60 (PB60)
HR3759, Pigment Red 176, (PR176)
HR3772, Pigment Yellow 199, (PY199)
HR3773, Pigment Blue 60, (PB60)
Note: same as HR3739. Monolite Blue 3R is a Zeneca trade name for its PB60.
HR3776, Pigment Yellow 147, (PY147)
HR3777, Pigment Yellow 191.1, (PY191)
HR3937, Pigment Yellow 184,(PY184)
HR3939, Pigment Orange 73, (PO73)
HR3944, Pigment Red 255, (PR255)
HR3951, Pigment Red 264, (PR264)
HR3958, Pigment Yellow 168, (PY168)

SunChemical Corporation, Colors Group, currently produces a wide product range of similar high molecular weight, temperature resistant, specialised synthetic pigments for the paint, coatings and plastics markets. I have attached our pigment catalogues which list SunChemical Colors Group pigments specifically designed for these coatings and plastics markets.

SunChemical requests that duties not be reduced on these similar pigments listed above. From its pigment manufacturing plants located in Staten Island, NY; Newark and Brunswick, NJ; Cincinnati and Amelia, OH; and Chicago, IL; Colors Group are fully capable of providing these type pigments to our color-consuming customers.

I would appreciate your attention to these matters.

Sincerely,

STEPHEN J. SCHMIDT
Vice President of Purchasing
Colors Group

Cc: fax: Stephen Wanser, USITC 202–205–2150

H.R. 3740

To suspend temporarily the duty on certain TAED chemicals.

NO COMMENTS SUBMITTED.

H.R. 3741

To extend the temporary suspension of duty on a certain polymer.

NO COMMENTS SUBMITTED.

H.R. 3742

NO COMMENTS SUBMITTED.

To suspend temporarily the duty on isobornyl acetate.

H.R. 3743

To suspend temporarily the duty on sodium petroleum sulfonate.

NO COMMENTS SUBMITTED.

H.R. 3746

To extend the temporary suspension of duty on 4-hexylresorcinol.

Statement of Honeywell International Inc.

Honeywell International Inc. (Honeywell) appreciates the opportunity to comment on H.R. 3746, introduced by Representative Jim Ramstad of Minnesota. This measure provides for extension of the temporary suspension of the U.S. import duty on the chemical 4-Hexylresorcinol, normally classified under 2907.29.90, and temporarily classified under 9902.29.07, of the Harmonized Tariff Schedule of the United States (HTSUS).

Granting a suspension of the duty on the product subject to this legislation is justified and appropriate. To our knowledge there is no U.S. commercial production of the exact product in question. For this reason passage of H.R. 3746, while having a positive impact on the competitiveness of Honeywell and many of its U.S. customers, would not have a detrimental effect on a U.S. industry.

DESCRIPTION OF HONEYWELL

Honeywell is a US$25-billion diversified technology and manufacturing leader, serving customers worldwide with aerospace products and services; control technologies for buildings, homes and industry; automotive products; power generation systems; specialty chemicals; fibers; plastics; and electronic and advanced materials. Honeywell was formed by the December 1999 merger of AlliedSignal Inc. and Honeywell Inc.

The company is a leading developer of software, solutions, and Internet e-hubs, including MyAircraft.com and MyPlant.com. Honeywell employs approximately 120,000 people in 95 countries and is traded on the New York Stock Exchange under the symbol HON, as well as on the London, Chicago and Pacific stock exchanges. It is one of the 30 stocks that make up the Dow Jones Industrial Average and is also a component of the Standard & Poor's 500 Index.

DESCRIPTION OF THE PRODUCT AND ITS USES

4-Hexylresorcinol is used by Honeywell customers for a variety of applications, including in throat lozenges, to reduce spoilage in shrimp, in topical antiseptics, and

in other pharmaceutical and cosmetic applications (some of which are still in the research and development stage).

EXTENDING THE EXISTING SUSPENSION OF DUTY ON 4-HEXYLRESORCINOL IS WARRANTED

There is no U.S. commercial production of the product subject to this legislation. This product was originally proposed for duty suspension in 1998. A thorough review by the U.S. International Trade Commission, U.S. Department of Commerce, and U.S. Customs Service determined the proposal to be noncontroversial and compliant with the revenue impact criterion established by the Committee on Ways and Means and the Committee on Finance. This proposal became law as part of the Miscellaneous Trade and Technical Corrections Act of 1999 (P.L. 106–36), which was signed by the President on June 25, 1999.

Earlier, in 1997 the Office of the U.S. Trade Representative compiled a list (so-called "zero list") of chemical products whose U.S. tariffs it tried unsuccessfully to use the November 1997 APEC Ministerial meeting to eliminate. We submitted the product subject to this bill for inclusion on that list. In a chemical industry-wide formal review of the proposed list, undertaken at the behest of the U.S. government, no one objected to this product's presence on the list, i.e., had no objections to its duty being eliminated.

SUMMARY

To Honeywell's knowledge there is no U.S. commercial production of the exact product in question. Further, when scrutinized thoroughly in the past as a product proposed to receive preferential tariff treatment, such related proposals were deemed noncontroversial. Regrettably, notwithstanding the good intentions and tireless efforts of U.S. trade negotiators to achieve tariff elimination/reductions in various fora, it is uncertain if and when the APEC, or for that matter the WTO, process will yield the desired tariff cuts provided for in H.R. 3746.

For these reasons passage of H.R. 3746, while having a positive impact on the competitiveness of Honeywell and many of its U.S. customers, would not have a detrimental effect on an U.S. industry. Extending the temporary suspension of the duty on the product subject to this legislation is justified and appropriate.

Honeywell thanks the Committee for its careful consideration of our testimony.

H.R. 3747

To extend the temporary suspension of duty on certain sensitizing dyes.

Statement of Honeywell International Inc.

Honeywell International Inc. (Honeywell) appreciates the opportunity to comment on H.R. 3747, introduced by Representative Jim Ramstad of Minnesota. This measure provides for extension of the temporary suspension of the U.S. import duty on certain sensitizing dyes for photo/imaging applications, normally classified under 2933.19.30, 2933.19.90, 2933.90.24, 2934.10.90, 2934.20.40, 2934.90.20, and 2934.90.90, and temporarily classified under 9902.29.37, of the Harmonized Tariff Schedule of the United States (HTSUS).

Granting a suspension of the duty on the products subject to this legislation is justified and appropriate. To our knowledge there is no U.S. commercial production of the exact products in question. For this reason passage of H.R. 3747, while having a positive impact on the competitiveness of Honeywell and many of its U.S. customers, would not have a detrimental effect on an U.S. industry.

DESCRIPTION OF HONEYWELL

Honeywell is a US$25-billion diversified technology and manufacturing leader, serving customers worldwide with aerospace products and services; control technologies for buildings, homes and industry; automotive products; power generation systems; specialty chemicals; fibers; plastics; and electronic and advanced materials. Honeywell was formed by the December 1999 merger of AlliedSignal Inc. and Honeywell Inc.

The company is a leading developer of software, solutions, and Internet e-hubs, including MyAircraft.com and MyPlant.com. Honeywell employs approximately 120,000 people in 95 countries and is traded on the New York Stock Exchange under the symbol HON, as well as on the London, Chicago and Pacific stock exchanges. It is one of the 30 stocks that make up the Dow Jones Industrial Average and is also a component of the Standard & Poor's 500 Index.

DESCRIPTION OF THE PRODUCTS AND THEIR USES

Polymethine sensitizing dyes are used by Honeywell customers to improve the spectral response of photosensitive emulsions used on films, including photographic films of all types, medical imaging films, and graphic arts films. These dyes are complex organic molecules, and each one is typically designed on a proprietary basis for a specific film emulsion. Once a customer has decided upon a particular molecular structure and specifications for the material (e.g., metals content, crystal size, etc.), the product becomes truly unique to that particular customer, to the supplier and to the application. These dyes are generally added in tiny amounts to film emulsions to adjust the photon sensitivity of the film.

EXTENDING THE EXISTING SUSPENSION OF DUTY ON CERTAIN SENSITIZING DYES FOR PHOTO/IMAGING APPLICATIONS IS WARRANTED

There is no U.S. commercial production of the products subject to this legislation. These products were originally proposed for duty suspension in 1998. A thorough review by the U.S. International Trade Commission, U.S. Department of Commerce, and U.S. Customs Service determined the proposal to be noncontroversial and compliant with the revenue impact criterion established by the Committee on Ways and Means and the Committee on Finance. This proposal became law as part of the Miscellaneous Trade and Technical Corrections Act of 1999 (P.L. 106–36), which was signed by the President on June 25, 1999.

Earlier, in 1997 the Office of the U.S. Trade Representative compiled a list (so-called "zero list") of chemical products whose U.S. tariffs it tried unsuccessfully to use the November 1997 APEC Ministerial meeting to eliminate. We submitted the products subject to this bill for inclusion on that list. In a chemical industry-wide formal review of the proposed list, undertaken at the behest of the U.S. government, no one objected to these products presence on the list, i.e., had no objections to their duties being eliminated.

SUMMARY

To Honeywell's knowledge there is no U.S. commercial production of the exact products in question. Further, when scrutinized thoroughly in the past as products proposed to receive preferential tariff treatment, such related proposals were deemed noncontroversial. Regrettably, notwithstanding the good intentions and tireless efforts of U.S. trade negotiators to achieve tariff elimination/reductions in various fora, it is uncertain if and when the APEC, or for that matter the WTO, process will yield the desired tariff cuts provided for in H.R. 3747.

For these reasons passage of H.R. 3747, while having a positive impact on the competitiveness of Honeywell and many of its U.S. customers, would not have a detrimental effect on an U.S. industry. Extending the temporary suspension of the duty on the products subject to this legislation is justified and appropriate.

Honeywell thanks the Committee for its careful consideration of our testimony.

H.R. 3748

To extend the temporary suspension of duty on certain organic pigments and dyes

Statement of Honeywell International Inc.

Honeywell International Inc. (Honeywell) appreciates the opportunity to comment on H.R. 3748, introduced by Representative Jim Ramstad of Minnesota. This measure provides for extension of the temporary suspension of the U.S. import duty on certain organic pigments and dyes for security applications, normally classified under 3204.90.00, and temporarily classified under 9902.32.07, of the Harmonized Tariff Schedule of the United States (HTSUS).

Granting a suspension of the duty on the products subject to this legislation is justified and appropriate. To our knowledge there is no U.S. commercial production of the exact products in question. For this reason passage of H.R. 3748, while having a positive impact on the competitiveness of Honeywell and many of its U.S. customers, would not have a detrimental effect on an U.S. industry.

DESCRIPTION OF HONEYWELL

Honeywell is a US$25-billion diversified technology and manufacturing leader, serving customers worldwide with aerospace products and services; control technologies for buildings, homes and industry; automotive products; power generation systems; specialty chemicals; fibers; plastics; and electronic and advanced materials. Honeywell was formed by the December 1999 merger of AlliedSignal Inc. and Honeywell Inc.

The company is a leading developer of software, solutions, and Internet e-hubs, including MyAircraft.com and MyPlant.com. Honeywell employs approximately 120,000 people in 95 countries and is traded on the New York Stock Exchange under the symbol HON, as well as on the London, Chicago and Pacific stock exchanges. It is one of the 30 stocks that make up the Dow Jones Industrial Average and is also a component of the Standard & Poor's 500 Index.

DESCRIPTION OF THE PRODUCTS AND THEIR USES

Organic luminescent pigments and dyes are used by Honeywell customers in various products that require security and anti-counterfeiting technology. Examples of end uses in which trace amounts of highly specialized luminescent pigments, dyes and fibers may be used are: Currency, stock certificates, credit cards, postal stamps, labels for packages, software certificates of authenticity, drivers licenses, etc. These luminescent compounds are complex organic molecules, and each one is typically designed on a proprietary basis for a specific anti-counterfeiting application. Once a customer has decided upon a particular molecular structure, and specifications for the material, the product becomes truly unique to that particular customer, to the supplier and to the application.

EXTENDING THE EXISTING SUSPENSION OF DUTY ON CERTAIN ORGANIC PIGMENTS AND DYES FOR SECURITY APPLICATIONS IS WARRANTED

There is no U.S. commercial production of the products subject to this legislation.

These products were originally proposed for duty suspension in 1998. A thorough review by the U.S. International Trade Commission, U.S. Department of Commerce, and U.S. Customs Service determined the proposal to be noncontroversial and compliant with the revenue impact criterion established by the Committee on Ways and Means and the Committee on Finance. This proposal became law as part of the Miscellaneous Trade and Technical Corrections Act of 1999 (P.L. 106–36), which was signed by the President on June 25, 1999.

Earlier, in 1997 the Office of the U.S. Trade Representative compiled a list (so-called "zero list") of chemical products whose U.S. tariffs it tried unsuccessfully to use the November 1997 APEC Ministerial meeting to eliminate. We submitted the products subject to this bill for inclusion on that list. In a chemical industry-wide formal review of the proposed list, undertaken at the behest of the U.S. government, no one objected to these products presence on the list, i.e., had no objections to their duties being eliminated.

SUMMARY

To Honeywell's knowledge there is no U.S. commercial production of the exact products in question. Further, when scrutinized thoroughly in the past as products proposed to receive preferential tariff treatment, such related proposals were deemed noncontroversial. Regrettably, notwithstanding the good intentions and tireless efforts of U.S. trade negotiators to achieve tariff elimination/reductions in various fora, it is uncertain if and when the APEC, or for that matter the WTO, process will yield the desired tariff cuts provided for in H.R. 3748.

For these reasons passage of H.R. 3748, while having a positive impact on the competitiveness of Honeywell and many of its U.S. customers, would not have a detrimental effect on an U.S. industry. Extending the temporary suspension of the duty on the products subject to this legislation is justified and appropriate.

Honeywell thanks the Committee for its careful consideration of our testimony.

H.R. 3751

To extend the temporary suspension of duty on certain semi-manufactured forms of gold.

HALE AND DORR LLP
WASHINGTON, DC 20004
May 19, 2000

A.L Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Re: Request for Comments on Miscellaneous Tariff Provision, H.R. 3751

Dear Mr. Singleton:

This letter is filed on behalf of Micron Technology, Inc., in strong support of H.R. 3751, a miscellaneous tariff bill that would continue the temporary duty suspension for gold bonding wire used in the semiconductor assembly process. Micron does believe, however, that duty free treatment should be extended to 2005, rather than 2003, as in the current draft of this legislation. A companion Senate bill would extend duty free treatment through 2005.

Gold bonding wire is an indispensable material used in assembling semiconductors and integrated circuits. In the semiconductor assembly process, very fine gold wire is used to connect the pads on the semiconductor die to the leads on the leadframe of the semiconductor package.

Semiconductor-grade gold wire is unlike gold wire used for any other application. First, it is very fine, with a diameter of 0.06 millimeters or less. It is also very pure, usually having a purity of 99.99 percent or greater. Semiconductor gold bonding wire also contains very specific dopants, which are added to control wirebonding characteristics. This type of gold wire is used only for semiconductors and integrated circuits and cannot be used for any other purpose.

Semiconductor gold bonding wire is classified under Harmonized Tariff Number 7108.13.7000, and carries a duty rate of 5.1 percent. The duty on this product is currently suspended, however, due to legislation passed in October 1996. The current temporary tariff classification for this product is 9902.71.08.

Gold bonding wire should be duty free an a permanent basis. The "zero-for-zero" round of duty elimination negotiations that took place during the Uruguay Round and the Information Technology Agreement eliminated most of the duties on semiconductor manufacturing equipment and materials. Gold bonding wire was overlooked during these negotiations. United States duties were eliminated on the end product, semiconductors, in the 1980's.

There is clear historical industry consensus regarding duty suspension for gold bonding wire. It would benefit all U.S. companies assembling semiconductors in the United States. As noted above, gold bonding wire for semiconductors was included in a temporary duty suspension bill passed in October 1996. (It is for this reason that gold bonding wire currently has a zero duty rate.) In conjunction with that bill, the Senate requested public comment. No adverse comments were received. In fact, Victoria Hadfield, filing comments on behalf of Semiconductor and Equipment Manufacturers International ("SEMI"), stated that for gold bonding wire "I can identify no domestic opposition to these proposed tariff reductions and would support (its) passage." SEMI's support is important because this trade organization represents the U.S. producers of materials used in the semiconductor manufacturing process. The Semiconductor Industry Association, the trade association representing U.S. semiconductor manufacturers, also supports this legislation.

Duty free treatment for gold bonding wire would make U.S. semiconductor manufacturers more competitive and would reinforce and encourage greater assembly of semiconductors in the United States, rather than abroad where many assemblers already enjoy duty free treatment of material inputs and equipment.

Finally, Micron believes that this legislation is non-controversial because, to Micron's knowledge, there are no companies that make semiconductor gold bonding wire in the United States. Micron also believes that the revenue impact of this legislation would be de minimis.

If you have any questions regarding these comments, please do not hesitate to contact me at (202) 942–8371. Thank you for your help on this important legislation.

Sincerely,

BONNIE B. BYERS

SEMICONDUCTOR INDUSTRY ASSOCIATION
May 19, 2000

A.L Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Re: Request for Comments on Miscellaneous Tariff Provision, H.R. 3751

Dear Mr. Singleton:

The Semiconductor Industry Association ("SIA") urges passage of H.R. 3751 introduced by Congressman Simpson. Specifically, the bill would continue the suspension of the 6.6 percent duty for gold bonding wire used in the semiconductor manufacturing process.

SIA has long supported the elimination of tariffs on semiconductors, semiconductor manufacturing equipment and materials, and information technology products. The US eliminated semiconductor duties in 1985, and during the Uruguay Round and the Information Technology Agreement, eliminated duties on many types of equipment and materials related to the semiconductor fabrication process. Many duties remain, however, on equipment and materials that relate to the assembly stage of the semiconductor manufacturing process. During this step, individual silicon chips are placed in packages. This is done by attaching the chips to lead frames with very fine gold wire and then literally molding a plastic package around the chip and the lead frame. The gold wire used to attach the die to the lead frame is of a certain grade, purity and chemical composition suitable for use only in the semiconductor manufacturing process.

The US semiconductor industry is a major contributor to the US economy providing 284,000 US jobs. In 1999 worldwide sales of semiconductors reached $174 billion. The world market is expected to grow to $234 billion by the year 2002. Duty free treatment for items used in the semiconductor assembly process would improve the competitiveness of the US semiconductor industry, particularly those companies who locate assembly operations in the US. Moreover, to SIA's knowledge, this tariff suspension bill is not controversial, since there is no bonding wire industry in the United States.

SIA appreciates the opportunity to comment on the above-mentioned tariff suspension provision, and urges you to include it in any miscellaneous tariff bill reported out of the Ways and Means Committee.

Sincerely,

DARYL G. HATANO
Vice President Public Policy

H.R. 3752

To suspend temporarily the duty on 4-Nitro-o-xylene.

NO COMMENTS SUBMITTED.

H.R. 3753

To suspend temporarily the duty on certain copper foils.

COPPER & BRASS FABRICATORS
COUNCIL, INC.
May 19, 2000

Mr. A.L. Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Mr. Singleton:

RE: REQUEST FOR WRITTEN COMMENTS ON TECHNICAL CORRECTIONS TO U.S. TRADE LAWS AND MISCELLANEOUS DUTY SUSPENSION BILLS

In response to your notice of April 20, 2000, subject as above, this statement is submitted on behalf of the Copper and Brass Fabricators Council, Inc., ("Council") and its 22 member companies (see attached list of Council member companies). The Council is a trade association which represents the principal copper and brass mills in the United States. These mills together account for the fabrication of more than 80 percent of all copper and brass mill products produced in the United States, including sheet, strip, plate, foil, bar, rod and both plumbing and commercial tube. These products are used in a wide variety of applications, chiefly in the automotive, construction, and electrical/electronic industries.

The Council's comments are limited to H.R.3753 and H.R.3869 which are listed as components of the Technical Corrections to U.S. Trade Laws and Miscellaneous Duty Suspension legislation compiled in the Committee's notice of April 20.

As background, it should be noted that since early 1985, the Council and its member companies have brought a series of antidumping and countervailing duty cases before the Department of Commerce and International Trade Commission to counter large increases of imports of brass mill products. These proceedings have led to determinations that respondent countries were guilty of unfair pricing and resulted in the issuance of eleven antidumping duty orders and three countervailing duty orders against imports of brass sheet and strip and of low-fuming brazing rod from a total of eleven countries.

In taking these measures, the Council was reacting to a steady increase in the share of imports that were dumped and subsidized beginning in the late 1970's and continuing to the present.

Correspondingly, with respect to regular U.S. import tariffs, in the series of multilateral trade negotiations following the GATT agreement of 1948, the U.S. Government has consistently stated that the world trading system should be free and nondiscriminatory and that U.S. commerce should have competitive opportunities substantially equivalent to those of its trading partners within that system.

Unfortunately, none of the multilateral trade negotiations, including the Uruguay Round, has secured those goals for the U.S. brass mill industry. Excessive and unmatched reductions in U.S. brass mill product tariffs have resulted in a persistent and substantial unfavorable trade balance in brass mill products. For copper foil the product covered by H.R.3753 (HTS No. 7410.11.00) U.S. imports from all countries in 1999 totaled 55,468,020 pounds while U.S. exports were 23,428,815 pounds.

Brass mill product markets are marked by intense price competition and sales are won or lost on differences as small as a penny per pound. Consequently, temporary suspension of normal tariffs on copper foil as proposed in H.R.3753 would certainly lead to even larger trade deficits in the product.

Because of this likely adverse impact on the U.S. market for copper foil, the Council objects to the enactment of H.R.3753 as part of the Technical Corrections to U.S. Trade Laws and Miscellaneous Duty Suspension legislation.

The Council's reliance upon the United States' unfair trade laws is of vital importance to this industry, and the continuance of the antidumping and countervailing

duty orders won by the Council has been a matter to which the United States copper and brass mills assign a top priority. This industry is similar to other United States domestic industries that have successfully prosecuted antidumping and countervailing duty proceedings. The cost of these cases is high, and petitioners understandably expect that the unfair trade remedies which they have fought so hard to obtain will remain viable.

The Council has discovered in its cases that enforcement of unfair trade orders must be pursued vigorously by the domestic industry in several major respects. Of pertinence to this matter, the Council has found that there is no effective mechanism in place by which the Customs Service and Department of Commerce can accurately record what antidumping and countervailing duties have been assessed and collected on legally entered imports in a particular proceeding or over-all. Over the past several years, the Council has asked for documented and detailed accountings of the aggregated duties brought in under its orders. These efforts have produced limited and often inconsistent data and only after considerable checking and special compilation by the agencies.

In the Council's antidumping and countervailing duty cases it has become evident that the Customs Service and Department of Commerce do not know what antidumping and countervailing duties are being paid. These data are simply not being maintained on a regular basis in a manner that enables the agencies to say with any assurance that particular unfair trade orders are being enforced. It is assumed that the duties are being collected, but there is no trustworthy evidence to substantiate this claim or to ascertain the amounts of the duties.

The Council has been advised that the situation sought to be remedied by H.R.3869 may represent an example of the Customs Service failing to accurately collect antidumping duties on brass sheet and strip. Since becoming aware of H.R.3869, the Council has attempted to obtain verification of the claim that the bill would simply correct errors on the part of the Customs Service. Those attempts have not resulted in the receipt of any documentation of the alleged Customs Service errors.

H.R.3869 would mandate the liquidation or reliquidation of approximately 235 entries of brass sheet and strip subject to an antidumping duty order and ranging in time from 1987, which was the first full year of the order's existence, to as recently as 1996.

While the Council would not contest the possibility that the Customs Service may have erroneously administered collection of antidumping duties on brass sheet and strip, the large number of entries and extended period of time covered by H.R.3869 compel the Council to object to its inclusion in the Technical Corrections to U.S. Trade Laws and Miscellaneous Duty Suspension legislation currently under consideration.

The Council would welcome, and cooperate in, an effort to ascertain the accuracy of the entries listed in H.R.3869 but until that determination is made in an open process the Council does not believe that Congressionally mandated liquidation or reliquidation of the subject entries is justified.

In closing, it should be noted that Outokumpu American Brass, a Council member company, does not support that portion of this submission which relates to H.R.3869.

Respectfully submitted,

JOSEPH L. MAYER
President & General Counsel
Copper and Brass Fabricators Council, Inc.

Attachment

Copper and Brass Fabricators Council, Inc.
MEMBERSHIP LIST

THE AMPCO GROUP
P.O. Box 2004
Milwaukee, WI 53201
(414) 645–3750x358
ANSONIA COPPER & BRASS, INC.
P.O. Box 109
Ansonia, CT 06401
(203) 732–6606x606
BRUSH WELLMAN, INC.
17876 St. Clair Avenue
Cleveland, OH 44110
(216) 486–4048
CAMBRIDGE-LEE INDUSTRIES, INC.
(Reading Tube Division)
P.O. Box 14026
Reading, PA 19612–4026
(610) 926–7366
CERRO COPPER PRODUCTS CO.
(A member of The Marmon

Group of companies)
P.O. Box 66800
St. Louis, MO 63166–6800
(618) 874–8670
CERRO METAL PRODUCTS CO.
(A member of The Marmon
Group of companies)
P.O. Box 388
Bellefonte, PA 16823
(814) 355–6200
CHASE BRASS & COPPER CO., INC.
P.O. Box 152
Montpelier, OH 43543
(419) 485–3193
CHICAGO EXTRUDED METALS CO.
401 N. Michigan Avenue, #700
Chicago, IL 60611
(312) 670–1515
EXTRUDED METALS
302 Ashfield Street
Belding, MI 48809
(616) 794–4842
HEYCO METALS, INC.
1069 Stinson Drive
Reading, PA 19605
(610) 926–4131
HUSSEY COPPER LTD.
Washington Street
Leetsdale, PA 15056–1099
(724) 251–4238
KOBE COPPER PRODUCTS, INC.
P.O. Box 160
Pine Hall, NC 27042
(336) 427–6611
METALS AMERICA
135 Old Boiling Springs Road
Shelby, NC 28150
(215) 517–6000X125
THE MILLER COMPANY
290 Pratt Street
Meriden, CT 06450–1010
(203) 639–5234
MUELLER INDUSTRIES, INC.
8285 Tournament Drive, #150
Memphis, TN 38125
(901) 753–3201
OLIN CORPORATION-BRASS GROUP
427 N. Shamrock Street
East Alton, IL 62024–1174
(618) 258–3775
OUTOKUMPU AMERICAN BRASS
P.O. Box 981
Buffalo, NY 14240–0981
(716) 879–6979
OUTOKUMPU COPPER FRANKLIN, INC.
P.O. Box 539
Franklin, KY 42135–0539
(270) 586–8201x155
PMX INDUSTRIES, INC.
5300 Willow Creek Drive, SW
Cedar Rapids, IA 52404–4303
(319) 368–7700x1155
REVERE COPPER PRODUCTS, INC.
One Revere Park
Rome, NY 13440–5561
(315) 338–2332
WATERBURY ROLLING MILLS, INC.
P.O. Box 550
Waterbury, CT 06720
(203) 754–0151x246
WIELAND METALS, INC.
567 Northgate Parkway
Wheeling, IL 60090
(847) 537–3990

H.R. 3754

To suspend temporarily the duty on certain activated carbon.

CALGON CARBON CORPORATION
PITTSBURGH, PA
April 25, 2000

Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Re: H.R. 3754

Calgon Carbon Corporation (CCC), as the largest manufacturer of activated carbon in the United States and representing the best interests of our industry, strongly opposes H.R. 3754. The main reasons for our opposition to H.R. 3754 are as follows:

• The current import duty is not restrictive to the import of activated carbon. This is evident particularly by the dramatic increase in Chinese activated carbon imports from 5 million pounds in 1991 to 32 million pounds in 1998. In other words, the rate of activated carbon imports from China has grown at an average rate of

30% per year since 1991. This is an unprecedented growth rate in a market that has only grown at an average of 3% to 5% per year since 1991.

• The US trade deficit has climbed to astronomic proportions fueled in large part due to our soaring trade deficit with China. Suspending the duty will only serve to accelerate the rate of growth of our trade deficit.

• US based activated carbon manufacturers serving the municipal water and wastewater treatment markets have idled and reduced capacity. These actions have eliminated US industrial workers of their livelihood and have taken place largely due to the sharp decrease in pricing due to inexpensive imported activated carbons mainly from China. Specifically, CCC has been forced to make several major production capacity decisions. In response to artificially low priced activated carbon produced in China flooding markets in Japan, US, and Europe, In November 1991 CCC permanently shutdown an activated carbon production line at our Kentucky plant eliminating 18 million pounds of capacity. In November 1999 we permanently shutdown another activated carbon production line at our Kentucky plant and an activated carbon pellet production line at our Pennsylvania plant eliminating an additional 25 million pounds of capacity. In May 2000 we will have completed our shutdown an activated carbon production line in Belgium eliminating 25 million pounds of capacity. The total job loss due to the elimination of our production capacity is approximately 220 employees in the US and 100 employees in Belgium.

• US based activated carbon manufacturers are held to stringent environmental standards which is commendable considering activated carbon is one of the major solutions to air and water pollution. Yet, it is ironic that countries exporting activated carbon do not hold their manufacturers to the same environmental standards. This is especially true in China where no air pollution abatement equipment is utilized in their production of activated carbon from high ash coals. The air pollution they create at their plants knows no boundaries. It travels across the Pacific Ocean and ends up in US water supplies where activated carbon is required to make the water drinkable.

In conclusion, CCC and other US activated carbon manufacturers are quite similar to many large and more publicized US industries such as steel manufacturers who are also facing challenges from inexpensive imports. Their arguments against foreign manufactures are similar to ours along with the specific reasons noted above. At this time we see no logical reason why suspending the 4.8% duty is prudent. Rather, we recommend increasing the duty to 10–15%.

We appreciate the opportunity to express of our position. If you have any questions, please feel free to contact me at (412) 787–6762.

Sincerely,

KARL D. KRAUSE
Marketing Manager Carbon Platform

H.R. 3755

To suspend temporarily the duty on certain buff brushes.

NO COMMENTS SUBMITTED.

H.R. 3757

To temporarily suspend the duty on Solvent Blue 124.

NO COMMENTS SUBMITTED.

H.R. 3758

To temporarily suspend the duty on Solvent Blue 104.

NO COMMENTS SUBMITTED.

H.R. 3759

To temporarily suspend the duty on Pigment Red 176.

see SunChemical Corporation under H.R. 3739.

H.R. 3760

To temporarily suspend the duty on benzenesulfonamide, 4-amino-2, 5-dimethyoxy-N-phenyl

NO COMMENTS SUBMITTED.

H.R. 3762

To suspend temporarily the duty on undecylenic acid.

ELF ATOCHEM NORTH AMERICA, INC
ARLINGTON, VA 22209
May 10, 2000

The Hon. A. L. Singleton, Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Copy of Statement of Purpose Submitted Upon Request to the U.S. International Trade Commission and to U.S. Department of Commerce Covering Duty Suspension for Undecylenic Acid (HR 3762).

Dear Mr. Singleton,

In response to inquiries made by both the U.S. International Trade Commission and the U.S. Department of Commerce, the enclosed document was prepared in support of passage of the measure. On behalf of Elf Atochem NA, importer of the products designated, I am submitting these copies to the Committee for the record.

Thank you for your attention. Please advise should your office have additional questions.

Regards,

CHARLES A. KITCHEN
Director—Government Relations

ELF ATOCHEM/ATO—PRODUCT/MARKET INFORMATION

Note: This information is provided in response to U.S. International Trade Commission inquiry.

PRODUCT INFORMATION AND PROJECT IMPORT VOLUME DATA FOR UNDECYLENIC ACID
(H.R. 3762 & S. 2427)

CAS Reference Number

Undecylenic Acid -CAS #112–38–9

Background

Undecylenic acid is a carboxylic acid derived from natural castor oil. It is used in the manufacture of pharmaceuticals, cosmetics and perfumery including anti-dandruff shampoos, anti-microbial powders and as a musk in perfumes and aromas. Undecylenic acid is not produced in the U.S. It must be imported. Imported undecylenic acid is subject to a 6.1% duty under HTS 2916.19.30.

Undecylenic Acid should be re-classified as duty free

• **No Domestic production**. There are no U.S. producers of undecylenic acid that would be affected by re-classifying undecylenic acid as duty free.
• **Derived from a renewable resource**. Undecylenic acid is derived from castor oil and is of very high purity (98%), which is not typical of carboxylic acids of this type.

PRODUCTION / IMPORTATION

Importer: Elf Atochem North America, Inc., Corporate Headquarters, 2000 Market Street, Philadelphia, PA 19103, Tel: 215/419–7000

Undecylenic acid is produced at Elf Atochem SA's production facility in Marseilles, France. Material is imported by Elf Atochem N.A. for direct sale to end-user market customers. No subsequent production processing is required. Imported material is warehoused in the following location prior to shipment to end-use customers:

Stored at Edison, NJ (Linden Distribution). Imported through New York. No additional processing at any Elf Atochem facilities.

H.R. 3763

To suspend temporarily the duty on n-Heptaldehyde.

ELF ATOCHEM NORTH AMERICA, INC.
ARLINGTON, VA 22209
May 10, 2000

The Hon. A. L. Singleton, Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Copy of Statement of Purpose Submitted Upon Request to the U.S. International Trade Commission and to U.S. Department of Commerce Covering Duty Suspension for n-Heptaldehyde (HR 3763).

Dear Mr. Singleton,

In response to inquiries made by both the U.S. International Trade Commission and the U.S. Department of Commerce, the enclosed document was prepared in support of passage of the measure. On behalf of Elf Atochem NA, importer of the products designated, I am submitting these copies to the Committee for the record.

Thank you for your attention. Please advise should your office have additional questions.

Regards,

CHARLES A. KITCHEN
Director—Government Relations

ELF ATOCHEM/ATO—PRODUCT/MARKET INFORMATION

Note: This information is provided in response to U.S. International Trade Commission inquiry.

PRODUCT INFORMATION AND PROJECT IMPORT VOLUME DATA FOR N-HEPTALDEHYDE
(H.R. 3763 & S. 2428)

CAS Reference Number

n-Heptaldehyde -CAS # 111–71–7

Background

N-heptaldehyde is an aldehyde that is derived from natural castor oil. It is used primarily in the manufacture of alpha amyl cinnamic aldehyde (ACA), a key ingredient in fragrances and perfumes as well as for certain industrial uses, including tire manufacture. N-heptaldehyde is not produced in the U.S. It must be imported. Imported n-heptaldehyde is subject to a 5.5% duty under HTS 2912.50.50.

n-Heptaldehyde should be re-classified as duty free.

ϕ **No Domestic production**. There are no U.S. producers of n-heptaldehyde that would be affected by re-classifying n-heptaldehyde as duty free.

PRODUCTION / IMPORTATION

Importer: Elf Atochem North America, Inc., Corporate Headquarters, 2000 Market Street, Philadelphia, PA 19103, Tel: 215/419–7000

The material, n-Heptaldehyde, is produced at Elf Atochem SA's production facility in Marseilles, France. Material is imported by Elf Atochem N.A. for direct sale to end-user market customers. No subsequent production processing is required. Imported material is warehoused in the following location prior to shipment to end-use customers:

Stored at Edison, NJ (Linden Distribution). Imported through New York. No additional processing at any ATO site.

Please Note: In response to your earlier inquiry, *Firmenich* and *Penta Manufacturing* are Elf Atochem's customers for n-heptaldehyde. *Aldrich* has not bought from us in the recent past, but they are a supplier of laboratory quantities (milliliters to liters). They have over 30,000 items in their catalog. They do not produce n-heptaldehyde in any commercial quantity.

H.R. 3764

To suspend temporarily the duty on n-Heptanoic acid.

ELF ATOCHEM NORTH AMERICA, INC.
ARLINGTON, VA 22209
May 10, 2000

The Hon. A. L. Singleton, Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Copy of Statement of Purpose Submitted Upon Request to the U.S. InternationalTrade Commission and to U.S. Department of Commerce Covering Duty Suspension for n-Heptanoic Acid (HR 3764).

Dear Mr. Singleton,

In response to inquiries made by both the U.S. International Trade Commission and the U.S. Department of Commerce, the enclosed document was prepared in support of passage of the measure. On behalf of Elf Atochem NA, importer of the products designated, I am submitting these copies to the Committee for the record.

Thank you for your attention. Please advise should your office have additional questions.

Regards,

CHARLES A. KITCHEN
Director, Government Relations

ELF ATOCHEM/ATO—PRODUCT/MARKET INFORMATION

Note: This information is provided in response to U.S. International Trade Commission inquiry.

PRODUCT INFORMATION AND PROJECT IMPORT VOLUME DATA FOR N-HEPTANOIC ACID (H.R. 3764 & S. 2426)

CAS Reference Number

n-Heptanoic Acid -CAS # 114–14–8

Background

Imported n-heptanoic acid is a carboxylic acid that is derived from natural castor oil. It is used to make lubricants (including those for jet engines), paint additives and in manufacturing a plastisizer for PVB (polyvinyl butyral), an interlayer in laminated safety glass for auto and architectural applications.

Domestically produced n-heptanoic acid is a synthetic product. It is used for similar applications, but is derived from hexene, a petrochemical. The supply of domestically produced n-heptanoic acid is not sufficient to meet the domestic demand. Even with imports, the domestic demand for n-heptanoic acid exceeds the available supply Imported n-heptanoic acid is subject to a 4.2% duty under HTS 2915.90.18.

n-Heptanoic Acid should be re-classified as duty free.

1. **Environmentally advantageous to use imported n-heptanoic Acid.** The environmental advantage of using imported n-heptanoic acid is that it is based on a renewable resource, Castor oil, which is a vegetable oil. The imported product is also very pure. The domestic product is synthetic. It is manufactured by reacting hexene, a flammable liquid petrochemical, with carbon monoxide (a toxic gas) and hydrogen gas (explosive). Since imported n-heptanoic acid is derived from a natural and renewable resource, hazardous chemical precursors are not utilized in the production process.

• **Domestic production is not sufficient to satisfy domestic demand.** Projected Y2000 domestic demand for n-heptanoic acid is estimated at 48 million lbs. In 1999, U.S. sales of imported n-heptanoic acid were approximately 15 million lbs. and U.S. sales of domestically produced n-heptanoic acid were approximately 31 million lbs. No U.S. producer or any other potential new producers have indicated an intent to increase or start-up production of n-heptanoic acid in the U.S.

PRODUCTION / IMPORTATION

Importer: Elf Atochem North America, Inc., Corporate Headquarters, 2000 Market Street, Philadelphia, PA 19103, Tel: 215/419–7000

The material, n-heptanoic acid is produced at Elf Atochem SA's production facility in Marseilles, France. Material is imported by Elf Atochem N.A. for direct sale to end-user market customers. No subsequent production processing is required. Imported material is warehoused in the following location prior to shipment to end-use customers:

No additional processing occurs at any Elf Atochem site. Imported product is stored at Elizabeth, NJ (Croda Storage). Imported through New York City.

H.R. 3772

To suspend temporarily the duty on pigment yellow 199.

see SunChemical Corporation under H.R. 3739.

H.R. 3773

To suspend temporarily the duty on pigment blue 60.

see SunChemical Corporation under H.R. 3739.

H.R. 3774

To suspend temporarily the duty on solvent violet 13.

NO COMMENTS SUBMITTED.

H.R. 3775

To suspend temporarily the duty on solvent blue 67.

NO COMMENTS SUBMITTED.

H.R. 3776

To suspend temporarily the duty on pigment yellow 147.

see SunChemical Corporation under H.R. 3739.

H.R. 3777

To suspend temporarily the duty on pigment yellow 191.1.

see SunChemical Corporation under H.R. 3739.

H.R. 3778

To amend the Harmonized Tariff Schedule of the United States to provide duty-free treatment for, and clarify the classification of, machines and components used in the manufacture of digital versatile discs (DVDs).

Statement of Alex Greenspan on Behalf of Digital Matrix Corporation, Hempstead, New York

I am Alex Greenspan, president of Digital Matrix Corporation, a New York-based company that manufactures and integrates equipment used for the production of optical disc media, including compact discs (CDs) and digital versatile discs (DVDs). Of the three major components of the DVD production process (mastering, electroforming, and replication), Digital Matrix specializes in electroforming. Specifically, Digital Matrix manufactures electroforming equipment used to produce, by an electolytic plating process, CD/DVD stampers from CD/DVD masters, which are then used to produce CDs and DVDs.

Digital Matrix's comments concern those duty suspension bills, H.R. 3778 through H.R. 3795, currently before the Subcommittee that relate to the optical disc industry, and specifically to the importation of equipment used to manufacture DVD media. These bills would eliminate the tariff on the importation of such equipment, in a misguided and unnecessary attempt to stimulate growth of the DVD format. Digital Matrix vigorously opposes these bills. The impact would be to increase the market advantage and profits of the foreign manufacturers at the expense of U.S. companies. Further, it is patently unfair to suspend tariffs for foreign companies when no such tariff relief is available for the same U.S. made products sold in European and Asian markets. Furthermore, these bills would inflict special harm on domestic companies as the same tariff-free equipment used for DVD production can

and will be used to produce a wide range of optical media including CD-ROMs and audio CDs.

The introduction of these bills is predicated on the representations of foreign companies, specifically Japan's Panasonic and the Dutch Toolex/ODME, that there are no US companies involved in the manufacturing of optical disc media producing equipment. This is quite simply not so, as these companies well know. In fact, there are numerous U.S. companies competing in this arena, including ourselves, Optical Digital Corporation, and Record Products of America. The only difference is that most of the US equipment manufacturers adopt to a modular design, while most foreign makers tend to produce all-in-one in-line equipment. Despite Toolex's assertions that the development and production of optical storage media started in Europe, much of the development, testing, and production of these new formats has been performed in the United States. While both Toolex and Panasonic claim that all or nearly all equipment used by domestic DVD manufacturers is of foreign origin, again this is simply false. In fact the majority of electroforming equipment alone (Digital Matrix's sole line of business) used in the United States is of domestic origin.

As a U.S. company, Digital Matrix constantly struggles in foreign markets. This difficult task is complicated by several factors. First, the strength of the U.S. Dollar increases the price of our equipment abroad. Second Digital Matrix must overcome the distinct "anti-American" sentiment pervasive in European, and to some extent Asian, markets. Only with our top-quality equipment backed up by the best support in the industry are we able to overcome this bias. The tariffs on American products only exacerbate the situation.

Our competitors have clearly embarked on an aggressive campaign to increase their already substantial market share of the US Market. For example, Toolex has acquired many of its competitors, including one US company. By using such anti-competitive practices as "dumping," "bundling," and "tie-in sales," we believe that Toolex has crossed the line into attempting to dominate the market. In many cases, Toolex will only sell mastering equipment to a customer who buys electroforming equipment with it.

Toolex and Panasonic allege relieving them of the required tariff on the machinery they export to the US will make US DVD manufacturers more competitive. Realistically though, the cost of machinery used to produce DVD's is only a fraction of the cost of each DVD, and the three percent tariff Toolex pays would not likely find its way to lower priced DVDs. The three percent is enough, however, to encourage the use of domestic equipment.

While the foreign corporations recommending this favorable treatment for themselves attempt to draw a parallel to the 1994 tariff relief for foreign producers of video laser disks (VLDs), this is a poor analogy. DVDs are much more than the next incarnation of VLDs. Equipment used in the production of VLDs served to produce only VLD discs used for home movie viewing. DVD equipment, on the other hand, has a substantially broader range of uses. Also, while there were no major domestic manufactureres of VLD machinery in 1994 thus necessitating imported equipment, there are a number of DVD equipment manufacturers, as previously stated. Additionally, the 1994 tariff relief effectively eviscerated the market for US made VLD manufacturing machinery, and eventually served to move the production of VLDs themselves offshore. The same will happen to the DVD, audio CD, and CD-ROM production if these bills are passed.

Additionally, it is important to understand that DVD manufacturing is essentially the same as CD manufacturing. There is almost no difference between the way a CD stamper is made and the way a DVD stamper is made. The only major difference is that the specifications and tolerances are more rigorous for DVD stampers than for CD stampers. The basic process, however, is the same. As a result, equipment imported tariff-free as DVD producing equipment will also be used to produce audio CDs, video game discs, computer CD-ROMs, and other formats with little or no modification. Thus, a lifting of tariffs on DVD-related equipment is effectively a lifting of tariffs relevant to such other media as well.

In addition to the damage to the businesses that produce DVD and CD manufacturing equipment, the upstream effects could be significant as well. Digital Matrix contracts millions of dollars worth of business from dozens of vendors that produce and supply parts, components, design work, assemblies, and services necessary to produce such a technology intensive product. A sample partial list Digital Matrix's suppliers is attached as Exhibit A. Other domestic manufacturers have similar support networks. The loss of business to Digital Matrix and the other domestic optical disc companies affected would affect potentially hundreds of companies, and thousands of American employees. While Toolex believes their theoretical increase in do-

mestic DVD production will mean more jobs, this will surely be more than offset by the offshore production of these machines and their components.

Finally, Toolex has stated that there will be no loss of tariff revenue. Their tortured logic states that "any loss of revenue . . . would be set off against the duties gained through Customs' reclassification of DVD machines. It is simply inconceivable that by importing these machines duty-free, Customs will collect more tariff revenue.

In conclusion, in addition to the loss to the U.S. of millions in tariff revenue, the net effect of this legislation would be great harm to American businesses, the loss of American jobs, and the tariff-free importation of many types of optical disc equipment, all to serve the interests of foreign corporations and further tilt the playing field in their favor. We therefore urge the subcommittee to reject these bills, and any future similar bills.

[An attachment is being retained in Committee files.]

INTERNATIONAL ELECTRONICS MANUFACTURERS
AND CONSUMERS OF AMERICA
WASHINGTON, DC
May 19, 2000

The Honorable Bill Archer
Chairman
Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

Re: H.R. 3778 through H.R. 3795—Committee Request for Comments on Miscellaneous Tariff and Technical Measures

Dear Mr. Chairman:

I am writing on behalf of the International Electronics Manufacturers and Consumers of America ("IEMCA"), to endorse legislation to provide tariff relief for machinery and components used to make digital versatile discs (DVDs).

IEMCA is a trade association founded in 1987 and located in Washington, D.C. IEMCA's principal members are major manufacturers of consumer electronics; optical, telecommunications, and computer products; DVDs and DVD machinery. IEMCA's associate members are leading electronics retailers. The U.S. investment of IEMCA's members and their direct suppliers exceeds $75 billion, their annual U.S. sales exceed $100 billion, and they employ over 300,000 American workers.

IEMCA advocates enactment of legislation, H.R. 3778 through H.R. 3795, introduced by Congressman Collins (R., Georgia), with Congressmen Boehner (R., Ohio), Kuykendall (R., California), and Matsui (D., California). This legislation will increase U.S. employment, reduce U.S. production costs, enable domestic producers to be more competitive in this important sector of the electronics industry, and, we believe, harm no domestic producers. It will also help to deter widespread piracy of software and entertainment media around the world by encouraging DVD production in the U.S., where anti-piracy laws are strongest.

DVD Technology.

DVDs, using cutting-edge optical disc technology, provide consumers the highest quality audio and video reproduction. Used in DVD players, as part of home theater systems, and in DVD-ROM-equipped computers, these discs have grown enormously in popularity since their introduction in 1997. In three years, sales of DVDs have grown from 8 million units annually to a projected 586 million units in 2000. In fact, it is expected that DVD technology will replace both videocassette tapes and video laser discs as the preferred medium for presentation of movies in the home.

There are at least 17 domestic producers of DVDs, including Hitachi, JVC, Panasonic, Sanyo, Sony, and Time Warner.

DVDs are the "next generation" recorded video media in the marketplace, succeeding video laser discs (VLDs) that were produced in the early 1990s. Recent advancements in technology enable DVDs to hold more recordings on smaller discs than VLDs. The machines that make DVDs consist of several components (including a master recording system, a replicating system, and such individual machines as a laser encoder and an injection mold machine) that function together to produce DVDs.

In 1994, Congress passed new, duty-free tariff legislation for VLD manufacturing machines. It helped companies like Time Warner (WEA Manufacturing) create and save jobs in the U.S. that were threatened as a result of foreign production of CDs and VLDs. Importantly, the 1994 legislation did not adversely affect any U.S. company because the industry-standard optical disc technology, such as that used in VLDs and DVDs, was first developed overseas.

Shortly after enactment of the legislation allowing duty-free import of machines that make VLDs, home video entertainment shifted to DVDs. Production was shifted from VLDs to DVDs using substantially the same systems, and companies like Panasonic began manufacturing DVDs in the U.S. Accordingly, a proper interpretation of existing law would accord DVD manufacturing machines the same duty-free treatment as VLD manufacturing machines. The Customs Service, however, has ruled that DVD manufacturing machines are not explicitly named in current law, and that the components of DVD manufacturing machines should be classified under several separate tariff headings, bearing an average duty of 3 percent. This ruling has had the effect of negating the benefits that Congress intended when it passed legislation in 1994.

Benefits.

The proposed legislation would help make domestic DVD manufacturers more competitive with foreign DVD manufacturers. Competition from Taiwan, Japan, and the European Union in particular is very strong. A recent study indicated that some overseas competitors are trying to sell their DVD discs in the U.S. at a price as low as 75 cents each, compared to a cost of $1.61 for domestic production.

There is also a major anomaly in DVD manufacture and import: Duties on imported DVDs (up to 2.7 percent) are lower than duties on DVD manufacturing machines themselves (up to 4.4 percent), a fact which encourages foreign production at the expense of domestic production. The proposed legislation would remove this anomaly, thereby stimulating U.S. jobs in DVD manufacturing in the U.S.

According to industry analysts, demand for DVDs is expected to rise from 586 million units in 2000 to 2.3 billion units in 2003. Demand for DVDs is expected to increase further as recordable DVDs come on line in 2001. This market development will be enhanced by the legislation advocated by IEMCA.

The proposed legislation also will protect U.S. intellectual property rights. Movie studios have invested heavily in the protection of movie content for DVDs. Keeping production of DVDs in the U.S., rather than in countries that have weaker intellectual property laws and enforcement, will help prevent the mass piracy of software that occurs overseas.

IEMCA believes that the enactment of the legislation providing duty-free entry of DVD machinery and components will not injure any domestic producer.

Accordingly, for the foregoing reasons, IEMCA strongly supports prompt enactment of H.R. 3778 through H.R. 3795.

Respectfully submitted,

KEITH SMITH
Executive Director

[Attachments are being retained in the Committee files.]

May 18, 2000

The Honorable Bill Archer
House Ways and Means Committee
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Archer:

Recently, I joined my colleagues, Representatives Mac Collins, John Boehner, and Bob Matsui, to introduce legislation suspending the duties on the machinery and components necessary for the manufacture of digital versatile discs (DVDs). I urge that these bills be included in the Committee's miscellaneous tariff package that it will consider shortly.

Our legislation, represented by House Resolutions 3778–3795, is intended to help domestic DVD manufacturers compete against companies who make DVDs in Hong Kong and Taiwan at half the cost. One of the reasons for this lower cost is that

these countries do not face the prospect of paying duties on the manufacturing equipment.

I am particularly supportive of this legislation because one of the major domestic manufacturing companies, Panasonic Disc Services, is located in my district. Although a major player in the domestic disc market, Panasonic is just one of 17 domestic companies manufacturing 16.6 million discs annually, to serve entertainment industry companies such as Universal, Paramount, and Disney. None of the equipment necessary to manufacture DVDs is made in the United States. It must all be imported. Although DVDs are arguably the next generation of video laser disc technology that receives tariff-free treatment, the Customs Service ruled that DVD manufacturing equipment should not be classified under these provisions. Instead, Customs indicated that the 17 different components of DVD manufacturing machines should be classified under 11 separate tariff headings, with an average duty of three percent.

The purpose of our legislation is to make clear that the 17 different components should, like the earlier generation technology, receive duty-free treatment. In turn, this will reduce per unit production costs for DVDs, helping domestic manufacturers remain competitive while ensuring good paying, high-tech jobs for Torrance, California, Pickneyville, Illinois and other sites around the country.

Demand for DVDs worldwide is expected to reach 394 million units this year, with much of the production likely to occur in the United States. For US companies to remain viable in this exploding marketplace, it must receive tariff relief on the production equipment. For this reason, I urge the inclusion of these bills within the Committee's miscellaneous tariff relief package that it is now considering.

Thank you for considering this request. I am happy to discuss this with you in greater detail.

Sincerely,

STEVEN T. KUYKENDALL
Member of Congress

Statement of Richard L. Wilkinson, President and Chief Executive Officer, Optical Disc Corporation, Santa Fe Springs, California

My name is Richard L. Wilkinson, and I am President and CEO of Optical Disc Corporation (ODC). ODC is a U.S. manufacturer of optical disc mastering system machinery and components. ODC holds 12 U.S. patents in optical disc technology, and its staff was part of the U.S. team that developed the world's first optical disc masters, video laser discs (VLDs) and recordable laser videodiscs (RLVs). We are deeply concerned about bills H.R. 3778 through H.R. 3795 which would suspend import tariffs on foreign machinery and components used to manufacture digital versatile discs (DVDs) as well as amend all HTS production classification codes to include equipment used to manufacture DVDs. The legislation would be detrimental to the U.S. government, domestic equipment manufacturers, suppliers, and, ultimately, U.S. consumers.

Suspending import tariffs on the equipment our foreign competitors provide to the U.S. customer base would provide them with an unfair trade advantage over domestic competition. During our 17 years in business, we have seen large direct foreign competitors, including Toolex International/ODME, Sony and Panasonic, Nimbus, and others enter the market with their own government-backed programs for financing, reducing prices, and driving down our pricing structures and profits. We estimate that the current foreign trade advantages have directly resulted in a 75 percent loss in U.S. market share for ODC.

Contrary to statements made by proponents of this legislation, the U.S. has at least three major suppliers of optical disc manufacturing equipment. These suppliers serve both domestic and international customers and are supported by thousands of U.S.-based sub-suppliers. There are also well over 300 optical disc manufacturers and VHS duplication houses in the U.S. that have the potential to evolve into DVD producers.

This legislation would impact a greater marketplace and involve much greater loses in tariff revenue for the U.S., potentially in the multiple millions of dollars, than what has been conveyed by the bills' proponents. The bills would not only impact suppliers of optical disc manufacturing equipment, but would also have significant impacts on the companies that supply optical disc manufacturers. Suspending these import tariffs would have a significant ripple effect that would negatively im-

pact many hundreds of U.S. companies and thousands of domestic jobs. We strongly oppose these bills.

If any of these bills became law, they would effectively eliminate tariff duties on *all* optical disc manufacturing equipment, not just DVDs. Foreign suppliers would easily be able to claim their compact disc (CD) and multi-format production equipment as "DVD equipment" in order to evade customs tariffs. In most cases, the equipment used to produce DVDs is actually multi-format equipment that can produce other formats as well, including:

- CD-ROM (retail computer software),
- CD-Audio (music CDs),
- Discs for game consoles,
- CD-R, and
- Various types of hybrid discs.

In addition, DVD equipment that is not multi-format is designed to be easily reconfigured for CD production.

The representations of the bills' proponents not withstanding, DVD is not simply a replacement of the video laser disc (VLD). DVD, unlike the VLD, was originally designed to be a generic digital data carrier, not just a movie medium. Uses for DVD include movie distribution, video console games, video presentations and advertising, computer software, audio, and others. Therefore it is important to recognize that, unlike VLD tariff legislation passed in 1994, the customs tariff exemptions embodied in these bills would be applied to equipment that serves a much larger marketplace.

The VLD experience, however, does offer a glimpse of what the impact of these bills would be. After the 1994 legislation that suspended tariffs on VLD equipment, U.S. manufacturers of high quality VLD equipment could no longer compete in the domestic marketplace. After 1994, all new VLD mastering equipment started coming from Japan and was installed in U.S. plants owned by Japanese equipment manufacturers. Eventually, foreign manufacturers moved all of their VLD production from the U.S., back to their own countries.

Contrary to statements made by the proponents of these bills, it is not true that jobs are being lost to foreign entities because of the current import tariffs. By continuing to allow U.S. equipment companies to have a domestic trade advantage, CD/DVD manufacturing equipment jobs in the U.S. will remain steady or grow. The proposed bills will only benefit foreign competitors and stimulate the economies of foreign governments.

Further, jobs that might be created by expanded DVD production can only mean the net loss of jobs in the VHS tape duplication industry. The majority of DVD production in the U.S. is used for the release of movies, which is in direct competition with the current U.S. VHS tape duplication industry. The domestic VHS tape duplication industry has almost no competition from anywhere else in the world. Ultimately, most industry experts agree that the VHS duplication industry will be replaced by the DVD replication industry. Thus any of the supposed benefits to domestic DVD production will be at the expense of the domestic VHS industry.

We would like to clarify that, in spite of suggestions by our foreign competitors to the contrary, in-line mastering systems compete directly with modular/batch mastering systems in the same market. To clarify, in-line systems are those that complete all of the components of the process sequentially as to each DVD master. Modular/batch systems complete work on each component as to a group of masters before proceeding to the next component. H.R. 3780 defines DVD mastering machinery as an "in-line system machine," which is how some foreign competitors define their mastering equipment. We believe that this "in-line system machine" definition may be an attempt to confuse the issue and to make it appear that this type of equipment is not currently manufactured in the U.S. The machinery should be referred to as "mastering equipment" or "mastering systems," which can be designed either as an in-line style or modular/batch style system. Both are automated mastering systems. Both provide the same function and product—CD and DVD master discs.

Optical Disc Corporation's mastering systems have a modular/batch design, and incorporate the complete set of components necessary to produce master discs (see The ODC Mastering System—Introduction). ODC is also currently developing an in-line system, which is being planned for release in late 2000.

Panasonic Disc Services Corporation (PDSC), a vocal proponent of these bills, has argued that "Optical Disc Corporation (U.S. Company) makes the laser encoder, a major component of the mastering system, but their machines use technology that is incompatible with PDSC technology." (see May 2, 2000 letter to Hon. Lynn Bragg from Robert B. Pfannkuch, page 2) Essentially PDSC is supporting this legislation as necessary because they claim there is no domestically-made equipment available that is compatible with their systems. However, on July 23, 1998, Mitchell Brown,

General Manager, Manufacturing and Process Engineering at PDSC sent an e-mail to staff at ODC confirming the compatibility of ODC's mastering technology with their own (see July 23, 1998 e-mail—Replication Tests using Optical Disc Corporation Stampers). We believe these sorts misrepresentations should pose serious concerns regarding the credibility and motives of PDSC as a proponent of this legislation.

We do not think it is appropriate to enact legislation that is detrimental to the success of U.S. manufacturers nationwide. We do not believe Congress should consider providing foreign companies, which already dominate the U.S. marketplace, with such a strong competitive advantage when U.S. companies, such as ODC, remain levied with tariffs whenever we sell the same type of equipment into their countries. Eliminating import tariffs for foreign entities without the elimination of tariffs on U.S. goods imported overseas would ultimately place U.S. firms at an even greater trade disadvantage and burden the U.S. government with an even wider trade imbalance.

We urge you to consider the potentially significant adverse implications of enacting legislation such as this, and we hope that you will ultimately oppose these bills, or others like them in the future.

[Attachments are being retained in the Committee files.]

PANASONIC
TORRANCE, CA
May 19, 2000

The Honorable Bill Archer
Chairman
Committee on Ways and Means
United States House of Representatives
Washington, DC 20515

Re: H.R. 3778–3795—Committee Request for Comments on Miscellaneous Tariff and Technical Measures

Dear Mr. Chairman:

As President of Panasonic Disc Services Corporation (PDSC) in Torrance, California, I wish to express my strong support for H.R. 3778–3795, duty-suspension legislation for machinery used to manufacture digital versatile discs (DVDs), introduced by Congressman Mac Collins, and co-sponsored, by Congressman Steve Kuykendall, representing our factory; Congressman Bob Matsui, representing JVC, another DVD manufacturer; and Congressman John Boehner, representing other Panasonic facilities. PDSC was established in 1996 and is the world's first DVD-only replication facility. It is a subsidiary of Matsushita Electric Industrial Co. Ltd., one of the leading developers and producers of digital electronic products for the home and office.

Consumers use DVDs both in DVD players as part of a home theatre system and in DVD-ROM equipped computers. Based on the growing demand for DVD, the industry expects, ultimately, that DVDs will replace both videocassette tapes and video laser discs for home viewing. The leading DVD producers, such as Panasonic, Sony, Warner, Nimbus/Technicolor, Deluxe Digital (formerly Pioneer), JVC, and Sonopress, make discs for such movie studios as Universal, Paramount, Columbia TriStar, and MGM. All use predominantly imported DVD machinery. Like most of our competitors, PDSC uses an integrated line of machines to make DVDs, sourced to our specifications from a number of overseas companies, including Panasonic.

DVDs are the "next generation" video media for the marketplace, succeeding video laser discs (VLDs) that were produced from the early 1970s through the 1990s. Both VLD and DVD manufacturing machines create a master, using a laser encoder to create pits on optical recording media, and then the information on the master is replicated. Although VLD manufacturing machines enter the United States under one duty-free tariff provision, the Customs Service ruled that DVD manufacturing machines must enter the United States under eleven separate tariff headings, with an average tariff of 3 percent. The total duties on an average line, therefore, are approximately $75,000.

There are only a limited number of DVD disc manufacturers in the United States. This group is small because the technology is still new, the initial investment cost in establishing a production line is high, and every manufacturer must have a guar-

anteed source of content for the discs, which currently is predominantly from the movie studios. For instance, PDSC makes discs for Universal, Fox, and Paramount; and Warner makes discs for Warner, New Line, MGM and Artisan.

There are two major operations in making DVDs—mastering and replication. The mastering system used by PDSC consists of a series of steps to make the "master" copy and uses the industry standard photoresist technology. The first step is the preparation of a glass substrate by chemically cleaning and polishing the glass. Next, the glass substrate is loaded into the in-line mastering machine for a mechanical cleaning and a photoresist coating. The newly created glass master is then transferred automatically to the laser beam recorder. The recording machine modulates the laser to record information onto the surface of the photoresist, creating a layer of digitally recorded information. After rinsing the glass master with a developing solution, the result is a series of digitally encoded pits in the surface of the photoresist. A sputtering machine then deposits a thin film of nickel onto the surface of the master, and the master then is cycled through an electrolytic plating bath. The electrolytic nickel layer of bumps, carefully removed from the master disc, is called a "stamper." An ashing machine cleans the stamper's surface, a lapping machine polishes the back of the stamper; and a center hole is punched in the stamper to complete the mastering process.

The replication process (making copies from the "stamper") consists of three major and separate manufacturing operations. First, during the molding process, the stampers are installed in custom DVD molds and, using injection molding machines, the mold cavities are filled with a polycarbonate molding resin. As this molding resin cools in the mold cavity, it replicates the layer of bumps on the stamper as pits in the plastic substrates. The molded substrate is now an exact copy of the original master. Second, during the metalizing process, the encoded substrates are coated with a reflective metal layer. The encoded side of the single-sided replica is sputtered with a reflective layer of aluminum. The top-side layer of a dual layer disc (layer 1) is sputtered with aluminum. The bottom layer of the dual layer disc (layer 0) is sputtered with gold. The aluminum-coated substrates and the gold-coated substrates are then stacked on separate spindles before the final bonding process. During the bonding process, an adhesive is dispensed between the two substrate layers. A DVD–5 has one encoded aluminum substrate and one clear "dummy" substrate. A DVD–9, dual layer disc, has one encoded aluminum substrate and one encoded gold substrate. The UV bonding resin is cured using UV light to create a permanent bond between the substrates. An optical inspection machine or laser scanner checks each disc for defects. Finally, label art is printed on the backside using an offset or silk-screen printing method, and the finished DVDs are then packaged and wrapped.

Although there are a number of manufacturers of CD equipment (a similar technology), only a limited number of companies, called integrators (e.g., Panasonic, Sony, and Toolex), provide a full DVD production system, sourcing from a number of companies, predominantly located overseas. A DVD mastering system, consisting of eight separate machines designed to work together, uses very advanced technology, and consequently has only a few manufacturers. Examples of integrators that provide mastering system equipment, are Panasonic, Sony, Toolex, Nimbus, and Optical Disc Corporation. Examples of integrators that provide replication system equipment are Panasonic, Singulus, Marubeni, and FirstLight. Other companies produce the individual machines or "batch" systems for either the mastering or replication process, but do not produce the entire DVD production system.

Between our facility in Torrance, California and a joint venture with Universal Music in Pinckneyville, Illinois, we employ over 1000 employees, and we anticipate PDSC employment to be 1,500 by 2003. By July 2000, the two plants will be producing 5.2 million DVD discs per month on 22 lines; and by 2001, we plan to be producing 10 million DVD discs per month. To meet these projected numbers and an increasing consumer demand, we anticipate the need for additional lines and plan to have 66 lines running by 2004. In fact, the DVD machinery industry estimates that within three years there will be a demand for 92 new mastering systems and 275 new replicating systems valued at $600 million. However, that investment is small compared to the value of the discs they will produce. By 2003, the industry expects to be making 227 billion DVD discs per year, at a retail value of $136 billion.

Currently the U.S. industry faces competition from overseas makers of DVD discs who are trying to sell their discs at one-half the cost of production in the United States. In addition, the average 3 percent U.S. tariff on machines to make DVDs is higher than the EU tariff of 1.7 percent and the 0 percent tariff in Japan, and the 2.7 percent tariff on the imported DVD discs themselves is lower than the average 3 percent duty on the imported machinery. Reduced production costs for PDSC

and other DVD disc manufacturers in the United States would help the DVD industry be more competitive and ensure the growth of employment in the United States as the demand for DVDs grows dramatically. This legislation would alleviate that unfairness.

In addition, the proposed legislation will protect U.S. intellectual property rights. Because of strong IP laws in the United States, domestic production of DVDs would reduce the threat of international digital piracy of software by encouraging more production in the United States, rather than in Taiwan and other Asian countries. Movie studios have invested heavily in the protection of movie content for DVDs and fear an increased threat of piracy with the shift to the DVD format. Keeping production in the United States, rather than in countries that can produce DVD discs cheaper but have weaker intellectual property laws and enforcement, will help prevent the mass piracy of software overseas.

Therefore, we believe duty-suspension legislation for DVD machinery would be beneficial to the United States and the growing domestic DVD industry, and should be supported by the U.S. Congress.

Sincerely,

ROBERT B. PFANNKUCH
President

SONY ELECTRONICS INC.
WOODCLIFF LAKE, NJ
May 19, 2000

Mr. A.L. Singleton
Chief of Staff
Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Archer:

On behalf of Sony Electronics, I wish to express our strong support for H.R. 3778-H.R. 3795, duty suspension legislation for machinery used in the manufacture of digital versatile discs (DVDs). Our facility in Terre Haute, Indiana, which opened in 1983 as the first compact disc production facility in the United States, will soon employ over 1,100 employees. Sony is adding 25 new DVD production lines, quintupling our current output from 2 million discs per month to 10 million.

Currently, the U.S. Customs Service classifies the machinery used to master and replicate DVD discs in a number of separate tariff heading with average duties of three percent. Consequently, over several years, Sony has paid substantial duties on this machinery, and we anticipate continued sizeable duties in the future. Because of 1994 tariff reduction legislation, machinery for manufacturing "previous generation" laser video discs (the precursor to current technology) enters the United States duty-free.

As you may know, consumer demand for this popular new digital technology is growing rapidly. Consumers are buying both DVD players as part of a home theater or mobile entertainment system and DVD-ROM equipped computers. In fact, in three years, U.S. companies have sold 5.4 million DVD players and analysts predict the sale of an additional 10 million units by the end of the year. Our industry is struggling to keep up with the incredible demand for discs to play on these machines. In fact, in the same three years, consumer demand for DVD discs has grown from eight million to 394 million discs, as analysts expect. By the year 2003, demand is expected to be 2.27 billion at an estimated *ex factory* value of $6.8 billion.

However, the DVD disc industry faces competition from overseas manufacturers that are trying to sell their discs in the United States at half U.S. production costs. Elimination of tariffs on the imported machinery used to manufacture DVD discs would reduce U.S. production costs and would enable the U.S. producers of DVDs to maintain our competitiveness in this important area of growth for the electronics industry.

In addition, because of strong intellectual property laws in the United States, domestic production of DVDs reduces the risk of international digital piracy. Movie studios, such as Sony Pictures, have invested heavily in the protection of movie content for DVDs, but see an increased threat of piracy with the shift to DVD technology. The United States can prevent the mass overseas piracy by keeping the pro-

duction of DVDs in the United States, rather than allowing overseas production in countries that have weaker intellectual property laws and enforcement.

Sony Electronics believes this legislation is good for U.S. high-technology employment, will reduce U.S. production costs, and will enable U.S. companies to compete favorably in the world. Therefore, we urge the Ways and Means Committee to give the legislation favorable consideration.

Sincerely,

JIM PALUMBO
Senior Vice President
External Affairs

TOOLEX USA
IRVINE, CA
May 19, 2000

Mr. A. L. Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1100 Longworth House Office Building
Washington, D.C. 20515

Re: H.R. 3778–H.R. 3795—Committee Press Release TR–20, Request for Comments on Miscellaneous Tariff and Technical Measures

Dear Mr. Singleton:

On behalf of Toolex USA, Inc. headquartered in Irvine, California, I am writing to express my strong support for H.R. 3778 -H.R. 3795, legislation providing tariff relief for machinery used in the manufacture of digital versatile discs ("DVDs"). Our parent company, Toolex International is one of the world's largest producers of machines used for the manufacture of optical discs such as video laser discs ("VLDs") and digital versatile discs ("DVDs"). Headquartered in the Netherlands, Toolex has operations in the United States and throughout the world. Toolex designs, engineers, manufactures, sells, services and assembles a complete line of optical discs manufacturing equipment, including equipment specifically used for the manufacture of DVDs.

The worldwide market for optical disc media is growing exponentially and the demand for machines that produce this media is dramatically increasing as well. From 8 million DVD discs sold in 1997, industry analysts anticipate year 2000 sales to exceed 580 million, with over 2.3 *billion* discs expected to be purchased by 2003. U.S. sales of DVD players are expected to reach 10 million units by the end of this year. It is expected that DVDs will replace both VLDs and videocassette tapes as the preferred medium for the presentation of movies in the home.

In March 2000, Toolex USA, Inc. made a multi-million dollar investment in relocating its headquarters and manufacturing operations to an expanded state-of-the-art facility in Irvine, CA. There, Toolex USA produces complete mastering machines for compact discs ("CDs"), which complement our complete lines of optical disc manufacturing equipment currently produced in Europe. In the next several months, Toolex USA will also be producing substrates for use with both CD and DVD mastering machines. Additionally, given the extraordinary demand for DVDs, Toolex USA expects to begin producing mastering and replication systems for the DVD manufacturing industry later this year. As a domestic manufacturer, Toolex USA strongly supports this legislation because it will increase the size of the U.S. DVD market, benefiting U.S. equipment producers because there will be more sales of both mastering and replication systems. U.S. consumers will also benefit from lower cost DVDs.

As a result of a U.S. Customs Service ruling last year, equipment used to master and replicate DVDs is classified under a variety of tariff headings with an average duty rate of three percent. However, machinery for manufacturing earlier generation video laser discs ("VLDs") which is very similar to the equipment used for DVD production today—enters duty-free, due to tariff reduction legislation enacted by Congress in 1994. Consequently, our U.S. customers—the domestic DVD manufacturers—are paying duties amounting to millions of dollars annually, which places

them in a less competitive position vis-a-vis DVD manufacturers in Japan, Taiwan, China and the European Union.

In addition, due to an anomaly in the U.S. tariff schedules, imports of finished DVDs enter the United States at a lower duty rate than imports of machinery used to manufacture the discs, thus placing U.S. DVD manufacturers at a further disadvantage with their foreign competitors. As DVD manufacturing is a fairly low profit-margin business, the relatively small decrease in the U.S. duty rates for machinery will translate into a significant advantage for American DVD producers. To further illustrate the worldwide competitive environment, a recent industry study indicates that some foreign DVD manufacturers are attempting *sell* finished discs in the United States at prices as low as 75 cents each, compared to a U.S. *production* cost of $1.61. Clearly, reduced production costs will help American DVD manufacturers be more competitive and will ensure the continued and growing employment of American workers in these companies.

The temporary duty suspension legislation will also help U.S. DVD manufacturers remain competitive in the export market. Currently, DVD mastering systems may be imported into Japan duty-free. The European Union charges an essentially nuisance tariff of 1.7 percent—approximately one-half the rate imposed by the United States. As the development and refinement of optical disc technology that is now the industry standard was pioneered in Europe and Japan in the 1980's, production of DVD manufacturing equipment has been predominantly foreign. Imports of this machinery currently account for virtually all of the market in the United States.

Finally, industry surveys indicate that there are no anticipated imports of VLD manufacturing machines. As DVD is simply the next generation of VLD, and importantly, there is no production of VLD machinery, any loss of revenue associated with this legislation should be offset against the duties gained through Customs' reclassification of DVD machines. The proposed legislation does not result in any loss of revenue, but merely clarifies existing legislation and international commitments to provide duty free treatment to optical disc manufacturing equipment used to produce home videos. Toolex USA would like to emphasize that to the extent there is any revenue loss created by the proposed legislation, this possible loss would be more than offset by the revenue generated by the creation of DVD manufacturing jobs in the United States.

In summary, Toolex USA believes that this legislation, which is good for U.S. high-tech employment, clearly will reduce U.S. DVD manufacturing costs and will enable U.S. companies to compete favorably in the world. We urge the Congress to approve H.R. 3778–H.R. 3795 as soon as possible.

Sincerely,

ARNOLD S. BLOCK
Executive Vice President

ASB/ck

H.R. 3779

To suspend temporarily the duty on machines, and their parts, for use in the manufacture of digital versatile discs (DVDs).

see Digital Matrix Corporation under H.R. 3778

see International Electronics Manufacturers under H.R. 3778

see Hon. Steven T. Kuykendall under H.R. 3778

see Optical Disc Corporation under H.R. 3778

see Panasonic Disc Service under H.R. 3778

see Sony Electronics Inc., under H.R. 3778

see Toolex USA under H.R. 3778

H.R. 3780

To suspend temporarily the duty on machines, and their parts, for use in the manufacture of digital versatile discs (DVDs).

see Digital Matrix Corporation under H.R. 3778

see International Electronics Manufacturers under H.R. 3778

see Hon. Steven T. Kuykendall under H.R. 3778

see Optical Disc Corporation under H.R. 3778

see Panasonic Disc Service under H.R. 3778

see Sony Electronics Inc., under H.R. 3778

see Toolex USA under H.R. 3778

H.R. 3781

To suspend temporarily the duty on machines, and their parts, for use in the manufacture of digital versatile discs (DVDs).

see Digital Matrix Corporation under H.R. 3778

see International Electronics Manufacturers under H.R. 3778

see Hon. Steven T. Kuykendall under H.R. 3778

see Optical Disc Corporation under H.R. 3778

see Panasonic Disc Service under H.R. 3778

see Sony Electronics Inc., under H.R. 3778

see Toolex USA under H.R. 3778

H.R. 3782

To suspend temporarily the duty on machines, and their parts, for use in the manufacture of digital versatile discs (DVDs).

see Digital Matrix Corporation under H.R. 3778

see International Electronics Manufacturers under H.R. 3778

see Hon. Steven T. Kuykendall under H.R. 3778

see Optical Disc Corporation under H.R. 3778

see Panasonic Disc Service under H.R. 3778

see Sony Electronics Inc., under H.R. 3778

see Toolex USA under H.R. 3778

H.R. 3783

To suspend temporarily the duty on machines, and their parts, for use in the manufacture of digital versatile discs (DVDs).

see Digital Matrix Corporation under H.R. 3778

see International Electronics Manufacturers under H.R. 3778

see Hon. Steven T. Kuykendall under H.R. 3778

see Optical Disc Corporation under H.R. 3778

see Panasonic Disc Service under H.R. 3778

see Sony Electronics Inc., under H.R. 3778

see Toolex USA under H.R. 3778

H.R. 3784

To suspend temporarily the duty on machines, and their parts, for use in the manufacture of digital versatile discs (DVDs).

see Digital Matrix Corporation under H.R. 3778

see International Electronics Manufacturers under H.R. 3778

see Hon. Steven T. Kuykendall under H.R. 3778

see Optical Disc Corporation under H.R. 3778

see Panasonic Disc Service under H.R. 3778

see Sony Electronics Inc., under H.R. 3778

see Toolex USA under H.R. 3778

H.R. 3785

To suspend temporarily the duty on machines, and their parts, for use in the manufacture of digital versatile discs (DVDs).

see Digital Matrix Corporation under H.R. 3778

see International Electronics Manufacturers under H.R. 3778

see Hon. Steven T. Kuykendall under H.R. 3778

see Optical Disc Corporation under H.R. 3778

see Panasonic Disc Service under H.R. 3778

see Sony Electronics Inc., under H.R. 3778

see Toolex USA under H.R. 3778

H.R. 3786

To suspend temporarily the duty on machines, and their parts, for use in the manufacture of digital versatile discs (DVDs).

see Digital Matrix Corporation under H.R. 3778

see International Electronics Manufacturers under H.R. 3778

see Hon. Steven T. Kuykendall under H.R. 3778

see Optical Disc Corporation under H.R. 3778

see Panasonic Disc Service under H.R. 3778

see Sony Electronics Inc., under H.R. 3778

see Toolex USA under H.R. 3778

H.R. 3787

To suspend temporarily the duty on machines, and their parts, for use in the manufacture of digital versatile discs (DVDs).

see Digital Matrix Corporation under H.R. 3778

see International Electronics Manufacturers under H.R. 3778

see Hon. Steven T. Kuykendall under H.R. 3778

see Optical Disc Corporation under H.R. 3778

see Panasonic Disc Service under H.R. 3778

see Sony Electronics Inc., under H.R. 3778

see Toolex USA under H.R. 3778

H.R. 3788

To suspend temporarily the duty on machines, and their parts, for use in the manufacture of digital versatile discs (DVDs).

see Digital Matrix Corporation under H.R. 3778

see International Electronics Manufacturers under H.R. 3778

see Hon. Steven T. Kuykendall under H.R. 3778

see Optical Disc Corporation under H.R. 3778

see Panasonic Disc Service under H.R. 3778

see Sony Electronics Inc., under H.R. 3778

see Toolex USA under H.R. 3778

H.R. 3789

To suspend temporarily the duty on machines, and their parts, for use in the manufacture of digital versatile discs (DVDs).

see Digital Matrix Corporation under H.R. 3778

see International Electronics Manufacturers under H.R. 3778

see Hon. Steven T. Kuykendall under H.R. 3778

see Optical Disc Corporation under H.R. 3778

see Panasonic Disc Service under H.R. 3778

see Sony Electronics Inc., under H.R. 3778

see Toolex USA under H.R. 3778

H.R. 3790

To suspend temporarily the duty on machines, and their parts, for use in the manufacture of digital versatile discs (DVDs).

see Digital Matrix Corporation under H.R. 3778

see International Electronics Manufacturers under H.R. 3778

see Hon. Steven T. Kuykendall under H.R. 3778

see Optical Disc Corporation under H.R. 3778

see Panasonic Disc Service under H.R. 3778

see Sony Electronics Inc., under H.R. 3778

see Toolex USA under H.R. 3778

H.R. 3791

To suspend temporarily the duty on machines, and their parts, for use in the maunfacture of digital versatile discs (DVDs).

see Digital Matrix Corporation under H.R. 3778

see International Electronics Manufacturers under H.R. 3778

see Hon. Steven T. Kuykendall under H.R. 3778

see Optical Disc Corporation under H.R. 3778

see Panasonic Disc Service under H.R. 3778

see Sony Electronics Inc., under H.R. 3778

see Toolex USA under H.R. 3778

H.R. 3792

To suspend temporarily the duty on machines, and their parts, for use in the manufacture of digital versatile discs (DVDs).

see Digital Matrix Corporation under H.R. 3778

see International Electronics Manufacturers under H.R. 3778

see Hon. Steven T. Kuykendall under H.R. 3778

see Optical Disc Corporation under H.R. 3778

see Panasonic Disc Service under H.R. 3778

see Sony Electronics Inc., under H.R. 3778

see Toolex USA under H.R. 3778

H.R. 3793

To suspend temporarily the duty on machines, and their parts, for use in the manufacture of digital versatile discs (DVDs).

see Digital Matrix Corporation under H.R. 3778

see International Electronics Manufacturers under H.R. 3778

see Hon. Steven T. Kuykendall under H.R. 3778

see Optical Disc Corporation under H.R. 3778

see Panasonic Disc Service under H.R. 3778

see Sony Electronics Inc., under H.R. 3778

see Toolex USA under H.R. 3778

H.R. 3794

To suspend temporarily the duty on machines, and their parts, for use in the manufacture of digital versatile discs (DVDs).

see Digital Matrix Corporation under H.R. 3778

see International Electronics Manufacturers under H.R. 3778

see Hon. Steven T. Kuykendall under H.R. 3778

see Optical Disc Corporation under H.R. 3778

see Panasonic Disc Service under H.R. 3778

see Sony Electronics Inc., under H.R. 3778

see Toolex USA under H.R. 3778

H.R. 3795

To suspend temporarily the duty on machines, and their parts, for use in the manufacture of digital versatile discs (DVDs).

see Digital Matrix Corporation under H.R. 3778

see International Electronics Manufacturers under H.R. 3778

see Hon. Steven T. Kuykendall under H.R. 3778

see Optical Disc Corporation under H.R. 3778

see Panasonic Disc Service under H.R. 3778

see Sony Electronics Inc., under H.R. 3778

see Toolex USA under H.R. 3778

H.R. 3796

To suspend temporarily the duty on 2-Methyl-4-chlorophenoxyacetic acid.

May 18, 2000

A. L. Singleton
Chief of Staff, Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Singleton:

I am writing to offer my comments in support of H.R. 3796, which would suspend duties on 4-Chloro–2-methylphenoxyacetic acid ("MCPA").

As an effective herbicide used to control a variety of broadleaved weeds in a large number of agricultural crops, there would be an important cost savings from the suspension of the relatively high 9.3% duty on this important agricultural input. In these times of low commodity prices, the ability of agricultural producers to continue reducing their costs of production, it is critical to any possibility of profitability for our farmers.

These savings also find their way to US consumers that ultimately are benefited by lower costs of agricultural production.

These cost savings to US growers and consumers are achieved without any effect on US manufacturers. There are no domestic producers of MCPA in the United States. Thus no domestic industry is threatened by the suspension of duties under H.R. 3796.

In addition, the suspension of duties and lowering of costs on imported MCPA will allow for expansion of employment in my district and other sites in the United States. Moreover, the duty free importation of MCPA should increase export opportunities throughout NAFTA and other export markets, which will result in added manufacturing, distribution and related administrative employment positions.

Because of the critical cost savings to agriculture, and the opportunity to generate new jobs from duty free imports of MCPA, I submit that it will ultimately benefit the economy of the United States to forego the duty revenue on this imported product in lieu of commensurate advantages to the US economy from duty suspension.

Sincerely,

PAT DANNER
Member of Congress

NUFARM
ST. JOSEPH, MO 64506
May 18, 2000

A. L. Singleton
Chief of Staff, Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C.

RE: Written Comments Supporting Duty Suspension Bill H.R. 3796 (4-Chloro–2-methylphenoxyacetic acid (MCPA))

Dear Mr. Singleton:

Pursuant to Advisory TR–20 dated April 20, 2000, we respectfully submit these supportive comments on behalf of Nufarm Limited and Nufarm America's, Inc. with respect to H.R. 3796 which concerns the suspension of duty on 4-Chloro–2-methylphenoxyacetic acid (MCPA).

MCPA is a plant growth regulator-type herbicide used to effectively control a wide variety of broadleaved weeds in cereals, grasses, orchards, grapes, flax, sugarcane, pulses, and non-crop areas. MCPA is currently classified under HTSUS No. 2918.90.2015 with a duty rate of 9.3%. However, imports are duty free under the Generalized System of Preferences with the exception of India, the Caribbean Basin Economic Recovery Act, the Andean Trade Preference Act, the United States-Israel Free Trade Area, and the North American Free Trade Agreement (Canada and Mexico).

There are no manufacturers of MCPA in the United States. Because MCPA is not domestically produced and is used in crop protection for numerous agricultural crops grown in the United States, the market demand will continue to be met by imports. Furthermore, the suspension of duties is not expected to result in a price changes that will substantially change market demand. Thus, there are no grounds on which to anticipate significant changes in import levels resulting from duty suspension.

MCPA has a substantial end use as an input for agricultural application and production. Thus the cost savings from duty will be strategically important agricultural commodity growers who are presently experiencing significant price and cost pressures. These duty savings in part will ultimate benefit the end consumer.

The imported MCPA affected by HR 3796 is involved in significant downstream production activity. Imported acid product is further processed into amines and esters, or blended into branded product and other active ingredients, or formulated into lesser concentrates of amines and esters at numerous general formulators throughout the United States. Approximately ten formulators in the United States with over 20 operation sites, in addition to approximately 2–3 local smaller or family owned blenders per state throughout the United States will benefit from lower cost and possibly expanded use of duty free product..

The suspension of duty on MCPA will also create significant export activity for US producers and formulators. As you are aware, the North American agricultural commodity market is a major market for agricultural inputs, including crop protection materials. US producers and formulators of MCPA based products would have more competitive access to the significant Canadian and Mexican markets were duty to be suspended.

Presently under NAFTA requirements, when imported product enters the United States duty free under bond for formulating or further processing (i.e, a TIB under HTS 9813.00.05), any subsequent export to a NAFTA country triggers payment of US duty on the base material entered under bond as if it were entered for consumption in the United States. (19 CFR 181.53(A)(2)(i)). That relatively high 9.3% duty must be born in any cost structure of exports to Canada or Mexico, and therefore makes US produced product less price competitive. If US duty were suspended on imported MCPA, US producers and formulators could export more competitively a wide variety of blended and formulated products in North America without this cost burden

Because the current tariff rate is staged and is reduced annually, any loss of revenue will be decreased in the coming years. In addition, this product is an agricultural input designated for possible multilateral duty elimination in the "Zero for Zero" initiative supported by the United States. Thus, revenues from duties on this

product may be eliminated through this avenue in the future even if duty were not suspended under this bill.

For the above stated reasons, we strongly support the suspension of duty on MCPA in H.R. 3796.

Sincerely yours,

UNITED AGRI PRODUCTS
GREELEY, CO
May 18,2000

A.L. Singleton
Chief of Staff, Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

RE: Written comments supporting suspension bill H.R. 3796 (4-chloro-Z-methylacetic acid, its salts and esters ("MCPA")).

Dear Mr. Singleton,

I wish to express my support in suspension of duties on (4-chloro-Z-methylacetic acid, it's salts and esters ("MCPA")) in conjunction with HR 3796.

MCPA is an important agronomic tool in controlling a variety of broadleaf weeds in a vast number of small grain and feed crops in the U.S.

As we are all aware, today's agriculture economy demands the most effective, low cost on ag inputs in crop production. MCPA with it's 9.3% duty is one of these inputs.

There are no U.S. manufacturers of MCPA . Therefore, it is of no economic disadvantage to the U.S. industry. I submit that suspension of duty would effectively enhance the American farmers' profitability. It would also enable my company to fully utilize U.S. owned assets to participate in NAFTA nation export without the 9.3% penalty , which now exists.

Very Truly Yours,

JAMES SELL
Vice President, Distribution
United Agri Products

H.R. 3797

To suspend temporarily the duty on 2,4-Dichlorophenoxyacetic acid, its salts and esters.

May 18, 2000

A. L. Singleton
Chief of Staff, Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Singleton:

I am writing to offer my comments in support of H.R. 3797 which would suspend duties on (2,4-Dichlorophenoxyacetic Acid, Its Salts and Esters ("2,4-D")).

One of the first herbicides to be registered in the United States, 2,4-D is extensively used in agriculture because of its efficacy, low toxicity, and cost-effectiveness. It thus is a necessary product for the American farmer in today's climate of low commodity prices.

Consequently, the suspension of the relatively high duty rate of 9.3% on this imported product represents a substantial savings on this important agricultural

input. Such a savings not only helps American growers to compete more profitably in current depressed markets, but consumers also benefit from the reduction in costs represented by the duty suspension.

The suspension of duty on 2,4-D will also enhance the U.S. economy through creation of jobs in my district as well as other cities in the United States, and through additional added export opportunities under NAFTA. With additional supplies of duty free 2,4-D acid, herbicide product formulators will be able to access the important Canadian and Mexican markets without having to absorb the competitive disadvantage of the 9.3% duty cost.

These savings and opportunities for the US economy are achieved without apparent harm to any US industry. The single US producer of 2,4-D holds a dominant market share that has not been effected detrimentally by the majority of imports of 2,4-D that already are low-priced and duty free under the Generalized System of Preferences. Consequently, the suspension of duty on the one company which pays duties on the imported product would not appear to have any detrimental effect on US production that heretofore has not been affected by the larger volumes of lower-priced, duty-free imports.

With critical cost savings to agricultural growers and US consumers, with new employment and export opportunities, and with no apparent detrimental effect on the US industry, the suspension of duties on 2,4-D will be a worthwhile action by Congress. I therefore support the suspension of duty under H.R. 3797.

Thank you for your consideration.

Sincerely,

PAT DANNER
Member of Congress

DOW AGRO SCIENCES
INDIANAPOLIS, IN 46268–1054
April 4, 2000

Mr. A. L. Singleton, Chief of Staff
Committee on Way and Means
U. S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Re: H. R. 3797—Temporary Suspension of Duty

Dear Mr. Singleton:

We are writing to register our strong objection to H. R. 3797. A bill introduced by Representative Danner from the 6th District of Missouri at the request of an Australian competitor of Dow AgroSciences LLC. This bill, if enacted, would temporarily suspend the U. S. duty rate for three years on at least three related chemicals (identified below) that are produced solely by Dow AgroSciences (DAS) in the United States. We are asking that the Ways and Means Committee support our strong objection by seeking the withdrawal or defeat of H. R. 3797. We recognize that the committee has not yet called for public comments on this or other recently introduced temporary duty suspension bills, but we wanted to make our views known early on H. R. 3797 as it is extremely important to DAS.

We will also be writing similar letters to the U. S. International Trade Commission, the Department of Commerce and the U. S. Trade Representative in registering our objection to H. R. 3797 for the reasons outlined in this letter.

DAS is the only U. S. producer of 2,4-dichclorophenoxyacetic acid (2,4-D), (CAS number 94–75–7), and its salts and esters (different CAS numbers) at a plant located in Midland, Michigan. This product, its production and the U. S. market for 2,4-D is very important to the company. The plant producing 2,4-D employs over 150 people and our investment in this plant exceeds $60 million. 2,4-D is one of the most widely used herbicides in the U. S. broadleaf market. It is used to treat more than 80 million acres each year. The U. S. market for 2,4-D is the largest in the world, so it is the only significant target for foreign competitors.

On a more technical point regarding the chemicals named in H. R. 3797, please note in the text of H. R. 3797 that the CAS number indicated (29091–09–6) for 2,4-D is not correct. As noted above, the correct CAS number for 2,4-D is 94–75–7. Furthermore, the salts and esters of 2,4-D have different CAS numbers, but none are

29091–09–6. This CAS number is for 2,4-Dichloro–3,5-dinitrobenzotrifluoride. Nevertheless, we believe the intent of H. R. 3797 is to cover 2,4-D, and its salts and esters, chemicals DAS produce in Midland, Michigan.

In recent years, imports of 2,4-D from GSP eligible countries have already taken a substantial share of the U. S. market because of the duty-free benefit under the GSP program. H. R. 3797 would allow more duty-free imports from Australia, the EU, and potentially from other countries where 2,4-D is produced. We do not think that a foreign manufacturers in a developed country like Australia should be given even a temporary suspension of the U. S. duty on their imports of 2,4-D. If they were to receive such a suspension, it would enable the foreign manufacturers to sell their product at a reduced price from what it is now, and displace some of the U. S. market share that DAS currently has in the domestic market for 2,4-D. Beyond opening the U. S. market to three years of no duty on imports from Australia, H. R. 3797 would also open the U.S. market to imports from European manufactures. Currently, they are not competing in the U. S. market today because of the applicable U. S. duty that would be assessed to their imports. It is also noteworthy that the European Union has a duty rate of 6.5% on 2,4-D, and that imports from DAS would to be assessed this duty while the U. S. duty would be suspended if H. R. 3797 were enacted.

Another factor that should be considered carefully is the amount of revenue from collection of duties that would be lost for the proposed three-year period. Based on 1999 U. S. import data, the customs value of imports of 2,4-D from Australia were $9,961,495. At the 1999 duty rate of 10%, duties collected should have been nearly $1,000,000. As you know, suspension of the duty at this level would significantly exceed the annual "PAYGO" limitations, yet another reason for the bill to be withdrawn or defeated.

DAS has ample production capacity current utilization rates at Dow's plant in Midland, Michigan to supply all the domestic demand for 2,4-D. Imports are not needed to fill this demand, and should certainly not be enabled by a temporary suspension of the applicable U. S. duties. We would hope, that as the sole U. S. producer of 2,4-D, we would have more than adequate justification for our objection to H. R. 3797. Furthermore, that it would override any request from a foreign interest in a developed country to temporarily suspend the U. S. duty on imports of 2,4-D, and its salts and esters.

Clearly, the maintenance of the U. S. duty rate on 2,4-D is an important factor for DAS in keeping its 2,4-D plant, production, employees and domestic market at operating levels economically viable to justify the investments we have made in Michigan and at many other U. S. locations where products are formulated from 2,4-D and sold into the domestic market. Any future expansion, product development and related investment in this important product line are dependent upon maintaining the domestic market share we have. Decreases or suspensions of U. S. duty will allow more imports to displace market share, thereby clearly affecting any realization of new investments in our 2,4-D plant, and the related positive economic effects to the U. S. economy and agriculture community.

As the only U. S. producer of 2,4-D, we believe there should be no reason for favorable consideration of H. R. 3797. Clearly it is controversial at this early stage after its introduction, and should be withdrawn. We urge your support of our objection and will appreciate the committee's help with the defeat of H. R. 3797 if Representative Danner does not withdraw it.

Please do not hesitate to contact Tom Campbell of Dow AgroSciences in our Washington, D. C. office at (202) 429–3438 if you have any questions. We would be pleased to meet with you or the appropriate committee staff about this matter if you would like to discuss this matter directly. Please let us know an appropriate time if you would to meet with DAS representatives.

Sincerely,

GREGORY E. MCDANIEL
Global Business Leader

Copy: Representative Pat Danner, Trade Subcommittee

NUFARM
ST. JOSEPH, MO 64506
May 18, 2000

A. L. Singleton
Chief of Staff, Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C.

RE: Written Comments Supporting Duty Suspension Bill H.R. 3797 (2,4-Dichlorophenoxyacetic Acid, Its Salts and Esters (2,4-D))

Dear Mr. Singleton:

Pursuant to Advisory TR–20 dated April 20, 2000, we respectfully submit these supportive comments on behalf of Nufarm Limited and Nufarm America's, Inc. with respect to H.R. 3797 which concerns the suspension of duty on 2,4-Dichlorophenoxyacetic Acid, Its Salts and Esters (2,4-D).

As some of the first herbicides to be registered in the United States, 2,4-D acid, its salts and esters have been widely used in the control of broadleaf and woody plants on rangelands, lawns, golf courses, forests, roadways, parks, and agricultural land, as well as in aquatic environments for the control of nuisance aquatic weeds. Currently, 2,4-D is classified under HTSUS No. 2918.90.2010 with a duty rate of 9.3%. Imports of 2,4-D are duty free under the Generalized System of Preferences with the exception of India, the Caribbean Basin Economic Recovery Act, the Andean Trade Preference Act, the United States-Israel Free Trade Area, and the North American Free Trade Agreement (Canada and Mexico).

Although there are substitutable products, none of them are more cost effective, and in some cases are more toxic to the environment, than 2,4-D. Additionally, 2,4-D is extensively used because of its efficacy, low toxicity, and cost-effectiveness, thus making it a necessary product for the American farmer in today's climate of low commodity prices.

There is a significant barrier to entry for any imports, in that manufacturers of 2,4-D that are able to access the US market include only the members of a 2,4-D industry Task Force that have product quality similar to the TF II material. The 2,4-D Task Force was formed under an exemption from the antitrust laws of the U.S. to allow companies requiring the generation of EPA mandated data to collaborate on the generation of that data. (The Memorandum of Understanding which created the Task Force is attached as Attachment A hereto.) The Task Force has gone through a vast amount of change since its inception of 2,4-D Industry Task Force I to its present form as Industry Task Force II. The original Task Force began with thirteen members equally sharing the cost of generating data. As TF I came to conclusion it was obvious that TF II would see fewer participants with larger expenditures. The present total expenditure has eclipsed $30 million and the present number of seats has shrunk to four seats representing three full memberships and two affiliate memberships.

Full memberships include: Nufarm Ltd., Dow AgroSciences Agro., BASF, and AgroGore; made up of two affiliate members, PBI Gordon and Atanor, which is owned 52% by Albaugh.

The present Task Force is about to complete the battery of data generation put out by the EPA and is expecting the EPA to issue the RED for 2,4-D sometime next year. The only companies that can utilize the data generated in support of their registration are those included as full members or affiliated members listed above. These members can use the information as outlined in the MOU to support their labels outside of the United States. No member or affiliate can extend this information outside the control of the TF II

At the present time the only potential importers of product would include Dow AgroSciences (Midland Michigan), Dow AgroSciences, SanaChem (South Africa), Nufarm Ltd. (Mebourne Australia), Nufarm (Linz Austria), and Atanor (Argentina).

The U.S. market Share of these companies is as follows:

Dow AgroSciences	Michigan	33.0 Million Lb.	66%
Atanor	Argentina	10.0 Million Lb.	20%
Nufarm Ltd.	Australia	7.0 Million Lb.	14%

There are nine countries which export 2,4-D to the US. Under the Task Force membership as presently constituted, there is only one company eligible to import

that currently pays duty on imported product, i.e. Nufarm. All other imports are duty free under GSP.

Exports from Argentina and Brazil are GSP duty free and constitute 63% of US imports. However, with the exception of isolated shipments from the UK, France, and Germany, a majority of the duty paid imports is from Nufarm Limited facilities in Australia and Austria. As a result of this high percentage of GSP shipments, the weighted average value of GSP shipments in 1999 was $1.28 per pound, whereas the weighted average value of Nufarm Limited shipments in 1999 was 19% higher at $1.52 per pound. The difference in the low value of GSP imports and the 19% higher value of Nufarm imports suggests that suspension of the 9.3% duty will merely cause values of the 37% of imports that were duty paid to trend towards a value closer to but still above duty free imports. Thus, suspension of duties on 2,4-D will result in savings to US growers and ultimately consumers.

Economic Effects

The following conclusions can be reached from the U.S. Census Bureau import data for 2,4-D:

1. Sixty-three per cent (63%) of all imports are GSP duty free, principally from Argentina and Brazil.
2. With the exception of isolated shipments from the UK, France, and Germany, the duty paid imports were from Nufarm facilities in Australia and Austria.
3. The weighted average value of GSP shipments in 1999 was $1.28 per lb. whereas the weighted average value of Nufarm shipments in 1999 was 19% higher at $1.52 per lb.

No deleterious effects on the U.S. economy or industry are anticipated from the suspension of duty on 2,4-D.

The suspension of duties on this crop protection material will result in savings to U.S. growers and ultimately consumers. According to a report from the National Agricultural Pesticide Impact Assessment Program, "Throughout the past five decades, weed management provided by 2,4-D has contributed to the production of billions of tons of crops throughout the world, which otherwise would not have been available for human consumptiona??2. The herbicide 2,4-D is registered (tolerances have been established) for use on over 65 crops in the United States, and other phenoxy herbicides are registered on over 25 crops. Also, the phenoxy herbicides are registered for numerous noncropland uses." The report notes that elimination of 2,4-D from the U.S. would result in a loss of $2.559 Billion annually, from increased weed management cost, decreased crop yields, and "a net societal loss for consumers because of higher retail commodity prices." (The report can be found at **Error! Bookmark not defined.**.) Thus, the costs of 2,4-D have a direct impact on growers and consumers that will be reduced with the suspension of duty.

The domestic industry should not be impacted by suspension of duties. Firstly, no significant change in import sourcing will occur because of the unavoidable barrier to entry represented by the Task Force membership requirements. Furthermore, Nufarm is informed and believes that imports from Brazil will be all but eliminated because of "trade out" agreements between its competitors that will divert Brazilian production to non-U.S. markets.

Secondly, if there were any threat to the domestic industry from duty free imports, the effects would be evident already from the majority of lower priced imports from GSP eligible countries.

Yet, the only U.S. producer of 2,4-D acid, Dow Agro Services ("DAS"), has a well established dominant market share of approximately 66%. This dominant market share, moreover, will not be reduced any time soon because of the current "Dow Premier Program." Under this multi-year program, DAS's current customers are locked into significant product discounts for purchase of DAS 2,4-D product at levels that maintain or increase its market share; the majority of the discount payout occurs only after three years of purchases, and large penalties are incurred for leaving the program.

Moreover, the suspension of duty is consistent with DAS's leadership position of strongly supporting worldwide elimination of duty on crop protection materials, including 2,4-D. DAS has been an influential participant in the Crop Protection Chemicals Coalition, a world body comprised of related national associations, e.g. ACPA, Avcare, etc. Its "Zero For Zero" Initiative for the multilateral elimination of duty on crop protection materials has achieved the agreement of countries comprising over 85% of world trade. In the United States, the USTR has been presented with the proposal, which has been through the ISAC and approved.

Finally, the difference in the low value of GSP imports and the 19% higher value of Nufarm imports suggests that suspension of the 9.3% duty will merely cause values of the 37% of imports that were duty paid to trend towards a value closer to

but still above duty free imports. Thus, there is no indication of downward pricing pressure on prices received by the domestic industry to the extent they are set by low value GSP imports.

The imported 2,4-D affected by HR 3797 is involved in significant downstream production activity. Imported acid product is further processed into amines and esters, or blended into branded product and other active ingredients, or formulated into lesser concentrates of amines and esters at numerous general formulators throughout the United States. Approximately ten formulators in the United States with over 20 operation sites, in addition to approximately 2–3 local smaller or family owned blenders per state throughout the United States will benefit from lower cost and possibly expanded use of duty free product.

The suspension of duty on 2,4-D will also create significant export activity for US producers and formulators. As you are aware, the North American agricultural commodity market is a major market for agricultural inputs, including crop protection materials. US producers and formulators of 2,4-D based products would have more competitive access to the significant Canadian and Mexican markets were duty to be suspended.

Presently under NAFTA requirements, when imported product enters the United States duty free under bond for formulating or further processing (i.e, a TIB under HTS 9813.00.05), any subsequent export to a NAFTA country triggers payment of US duty on the base material entered under bond as if it were entered for consumption in the United States. (19 CFR 181.53(A)(2)(i)). That relatively high 9.3% duty must be born in any cost structure of exports to Canada or Mexico, and therefore makes US produced product less price competitive. If US duty were suspended on imported 2,4-D, US producers and formulators could export more competitively a wide variety of blended and formulated products in North America without this cost burden

Revenue Loss

According to Census Bureau Data, duty paid in 1998 totaled $688,601 and in 1999 totaled $810,531. The increase in 1999 appears to be the result of an increase in value (36%) rather than an increase in quantity (14%) of dutiable imports.

Because the current tariff rate is staged and is reduced annually, any loss of revenue will be decreased in the coming years. In addition, this product is an agricultural input designated for possible multilateral duty elimination in the "Zero for Zero" initiative supported by the United States. Thus, revenues from duties on this product may be eliminated through this avenue in the future even if duty were not suspended under this bill.

For the above stated reasons, we strongly support the suspension of duty on 2,4-D in H.R. 3797.

Respectfully submitted,

ROGER UNRUH,
Vice President

UNITED AGRI PRODUCTS
GREELEY, CO 80632–1286
May 18, 2000

A.L. Singleton
Chief of Staff, Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

RE: Written comments supporting duty suspension bill H.R. 3797 (2,4-Dichlorophenoxyacetic Acid, it's salts and esters (*2,4-D*)

Dear Mr. Singleton,

I am writing in support of H.R. 3797 that will relinquish duties on (2,4-Dichlorophenoxyacetic Acid, it's salts and esters ("2,4-D")).

In today's agricultural economy it is mandatory on the producer to minimize all input costs. The suspension of duties on 2,4-D will enhance not only the producers cost, but will enable our company's ability to further utilize our U.S assets through additional exports into NAFTA nations (Canada and Mexico).

The only U.S producer of 2,4-D holds a dominant position in the U.S. market and all other producers that import into the U.S enjoy duty free status under Generalized System of Preferences.

We, therefore, desire to express our support in suspension of all duties in reference to 2,4-D as a cost savings to the American producer.

Very Truly Yours

JAMES SELL
Vice President, Distribution

H.R. 3801

To suspend temporarily the duty on Iminodisuccinate.

BAYER CORPORATION, U.S.A.
PITTSBURGH, PA 15205–9741
May 1, 2000

A. L. Singleton
Chief of Staff
House Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Subject: H.R.3801

Dear Mr. Singleton:

Bayer Corporation is a research-based company with major businesses in health care and life sciences and chemicals. The company had 1999 sales of $8.9 billion and employs more than 22,200 people throughout the United States and is headquartered in Pittsburgh, Pennsylvania. Bayer Corporation is a member of the worldwide Bayer Group, a $29 billion international life sciences, polymers and specialty chemicals group based in Leverkusen with 120,400 employees worldwide.

Bayer Corporation is a regular importer of Iminodisuccinate. Bayer's Logistics Division, with major import operations at Pittsburgh, Pennsylvania and Bayer warehouses in Morrisville, PA, Los Angeles, CA, Chicago, IL and Houston, TX as well as Bayer's customers in Burlington, NC, Hazlet, NJ, San Diego, CA and Logansport, IN would benefit from tariff suspension on Iminodisuccinate via cost reductions for waste water treatment and formulations for the textile, agricultural, cleaner and detergent industries. Bayer is the sole producer of Iminodisuccinate, which is not produced in the United States. Although BASF, DOW and Monsanto manufacture products with similar applications, Iminodisuccinate is unique in the fact that it is biodegradable and therefore an environmentally friendly complexing agent used in laundry detergents, dishwashing detergents, industrial and institutional cleaners, and chelated micronutrients thus benefiting American industry and the environment.

We hope this supplemental information is useful in the House Ways and Means Committee deliberations regarding the proposed tariff suspension for Iminodisuccinate bill number H.R. 3801. Please do not hesitate to contact me at Tel: 412–777–2058 with any questions. In the event that I am unavailable, Julie Van Egmond in our Washington office (Tel.: 202–756–3773) or Stephen Johnsen at our Pittsburgh location (Tel: 412–777–5616) could be of assistance.

Sincerely,

KAREN L. NIEDERMEYER

H.R. 3802

To suspend temporarily the duty on Iminodisuccinate salts and aqueous solutions.

BAYER CORPORATION, U.S.A.
PITTSBURGH, PA 15205–9741
May 1, 2000

A. L. Singleton
Chief of Staff
House Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Subject: H.R.3802

Dear Mr. Singleton:

Bayer Corporation is a research-based company with major businesses in health care and life sciences and chemicals. The company had 1999 sales of $8.9 billion and employs more than 22,200 people throughout the United States and is headquartered in Pittsburgh, Pennsylvania. Bayer Corporation is a member of the worldwide Bayer Group, a $29 billion international life sciences, polymers and specialty chemicals group based in Leverkusen with 120,400 employees worldwide.

Bayer Corporation is a regular importer of Iminodisuccinate salts and aqueous solutions. Bayer's Logistics Division, with major import operations at Pittsburgh, Pennsylvania and Bayer warehouses in Morrisville, PA, Los Angeles, CA, Chicago, IL and Houston, TX as well as Bayer's customers in Burlington, NC, Hazlet, NJ, San Diego, CA and Logansport, IN would benefit from tariff suspension on Iminodisuccinate salts and aqueous solutions via cost reductions for waste water treatment and formulations for the textile, agricultural, cleaner and detergent industries. Bayer is the sole producer of Iminodisuccinate salts and aqueous solutions, which are not produced in the United States. Although BASF, DOW and Monsanto manufacture products with similar applications, Iminodisuccinate salts and aqueous solutions are unique in the fact that they are biodegradable and therefore environmentally friendly complexing agents used in laundry detergents, dishwashing detergents, industrial and institutional cleaners, and chelated micronutrients thus benefiting American industry and the environment.

We hope this supplemental information is useful in the House Ways and Means Committee deliberations regarding the proposed tariff suspension for Iminodisuccinate salts and aqueous solutions bill number H.R. 3802. Please do not hesitate to contact me at Tel: 412–777–2058 with any questions. In the event that I am unavailable, Julie Van Egmond in our Washington office (Tel.: 202–756–3773) or Stephen Johnsen at our Pittsburgh location (Tel: 412–777–5616) could be of assistance.

Sincerely,

KAREN L. NIEDERMEYER

H.R. 3803

To suspend until June 30, 2003, the duty on transformers for use in certain radiobroadcast receivers capable of receiving signals on AM and FM frequencies.

NO COMMENTS SUBMITTED.

H.R. 3804

To suspend until June 3, 2003, the duty on transformers for use in certain radiobroadcast receivers with compact disc players and capable of receiving signals on AM and FM frequencies.

NO COMMENTS SUBMITTED.

H.R. 3805

To suspend temporarily the duty on polyvinylchloride (PVC) self-adhesive sheets.

NO COMMENTS SUBMITTED.

H.R. 3808

To suspend temporarily the duty on BEPD 2-Butyl-2-ethylpropanediol.

NO COMMENTS SUBMITTED.

H.R. 3813

To suspend temporarily the duty on cyclohexadee-8-en-1-one (CHD).

NO COMMENTS SUBMITTED.

H.R. 3818

To suspend temporarily the duty on octylmethoxycinnamate.

HAARMANN & REIMER
TETERBORO, NJ 07608
May 11, 2000

Mr. A. L. Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Re: H.R. 3818

Dear Mr. Singleton:

This note is being sent to offer comments to the aforementioned Bill, which looks to suspend duty on Octyl Methoxy Cinnamate, HTS 2918.90.30.

As the U.S. manufacturer, Haarmann & Reimer objects to this legislation as it would give an unfair advantage to the importers and have the tendency over time to negatively affect our manufacturing facility in Goose Creek, South Carolina.

We respectfully request that this Bill be withdrawn from the 2000 Trade Tariff Bill.

We thank you for your attention to this detail.

Sincerely,

WILLIAM J. LUDLUM
President

WJL:ra
cc:
Eric Land—U.S. International Trade Commission
Mike Kelly—U.S. Department of Commerce
Jim Smith—Smith, Dawson & Andrews

BARNES, RICHARDSON & COLBURN
WASHINGTON, DC 20005
May 19, 2000

A.L. Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515.

Re: Comments on Miscellaneous Duty Suspension Proposals; In Support of H.R. 3818

Dear Mr. Singleton:

These comments are submitted on behalf of Hoffmann-La Roche, Inc. in response to the notice issued April 20, 2000 by the House Committee on Ways and Means, Subcommittee on Trade, announcing a request for written comments on miscellaneous corrections to trade legislation and miscellaneous duty suspension bills. Hoffman-LaRoche strongly supports H.R. 3818, a bill to suspend temporarily the duty on octylmethoxycinnamate.

Hoffman-LaRoche is a manufacturer and marketer of a variety of pharmaceutical and health products, including vitamins, pharmaceuticals, and cancer-prevention products. Hoffman-LaRoche employs approximately 7000 people at its vitamin and pharmaceutical sites throughout the United States. Included in the Roche line are ultraviolet sun ray filters and dermal protection products, designed to help prevent melanomas and ameliorate the skin-damaging effects of ultraviolet B (UVB), medium wave-length radiation. One such product is sold in the United States as Parsol®MCX, a specially formulated, patented UVB broad spectrum skin protectant.

UVB is the most active ultraviolet radiation for producing erythema, and it significantly decreases enzymic and non-enzymic antioxidants in the skin, thus impairing its ability to protect itself against the free radicals generated by exposure to sunlight. UVB is responsible for producing skin cancer due to DNA damage, and is suspected of affecting the immune system by depleting the Langerhans cells in the epidermis, which play an important role in the immunologic defense of the skin. Hoffman-LaRoche's Parsol, recently developed and approved by FDA, and imported for use in skin care applications, is especially effective in preventing infiltration of UVB radiation and decreasing the epidermal exposure to medium-length ultraviolet radiation. The active ingredient, octyl methoxycinnamate (also known as ethylhexyl p-Methoxycinnamate) is imported by Hoffman-LaRoche only from its affiliates in Europe, where the only facilities used to synthesize the active ingredient are located.

Octyl methoxycinnamate is imported under Item 2918.90.30 of the Harmonized Tariff Schedules of the United States, dutiable at a rate of 6.5% ad valorem. UV radiation protection chemicals in the same family of pharmaceutical products, such as avobenzone (which provides broad-spectrum protection against UVA and UVB radiation), are currently eligible for duty-free treatment upon importation pursuant to the multilateral pharmaceutical tariff elimination agreement under the auspices of the World Trade Organization. However, due to the relatively recent development and approval of this product—Parsol®MCX—the precise active ingredient has not yet been added to the duty-elimination list, since it has not yet been assigned an International Non-proprietary Name (INN) by the World Health Organization. When an INN is assigned, octyl methoxycinnamte will presumably be accorded like duty-free treatment under the international agreement. In the meantime, the cur-

rent 6.5% tariff is a deterrent to the free movement of this unique cancer-fighting chemical, which is cannot be made in the United States. Thus, there is no trade-protective reason for the tariff, and its only effect is to restrict access to consumers.

Hoffman-LaRoche supports a temporary suspension of the tariff on this chemical, pending its inclusion in the zero-for-zero tariff agreement on a multilateral and permanent basis. A suspension is appropriate in light of the absence of available domestic supply, and importance of Parsol®MCX in helping to prevent cancers of the skin and other illnesses caused by immunological impairment due to UVB exposure. Hoffman-LaRoche is aware of no competitive reason to maintain the duty, especially since the product will soon become eligible for duty free treatment under the WTO arrangement. Suspension of the tariff will facilitate trade in this beneficial new product and help control costs to U.S. companies and consumers. Furthermore, the company estimates that the total tariff revenue effect of this proposed duty suspension will be less than $500,000 per year.

We appreciate the Committee's consideration of these comments, and we would be pleased to provide any additional information the Committee would find helpful.

Sincerely

MATTHEW T. MCGRATH
Counsel to: Hoffmann-La Roche, Inc.

H.R. 3820

To provide for the liquidation or reliquidation of certain entries of carbides.

May 15, 2000

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Crane:

According to Advisory No. TR–20, which was posted on the web site of the Committee on Ways and Means on April 20, 2000, the Subcommittee on Trade has solicited comments on a number of bills, including H.R. 3820, which have been offered for inclusion in a miscellaneous trade package. I oppose H.R. 3820, and urge that it not be included in any miscellaneous trade bill that the Committee may favorably report out.

The merchandise that is the subject of this legislation, described in H.R. 3820 as "carbides" classified under subheading 2849.90.50 of the Harmonized Tariff Schedule of the United States, is otherwise known as vanadium carbides, vanadium carbonitrides, and/or nitrided vanadium. These products are chiefly used as additives in the manufacture of steel. They are interchangeable and compete head-to-head for sales with ferrovanadium manufactured by the two remaining U.S. producers of that product.

H.R. 3820 would require the U.S. Customs Service to retroactively refund Customs duties that were paid for merchandise that entered the United States during a seven month period from July 1998 to January 1999. The retroactive refunds required by H.R. 3820 would be significant, since the "general" rate of duty that should have been paid for these goods is 3.7 percent of their value. In fact, the legislation would create a windfall for a single importing company, to the detriment of competing U.S. producers of ferrovanadium. This would be unfair and inappropriate.

Obviously, this bill is not revenue neutral. It would require the Treasury to issue substantial refunds to the importer. Consequently, it would result in a budget loss that would require an equivalent offset.

In addition, H.R. 3820 would undermine our country's negotiating stance and establish bad precedent. I understand that the importer that would benefit from this bill successfully petitioned for a waiver of the Generalized System of Preferences (GSP) "competitive need limit," so that it could import unlimited quantities of this

merchandise from South Africa free of duty. Presidential Proclamation 7107 of June 30, 1998 (63 Fed. Reg. 36531 (July 6, 1998)). However, the effective date of the provisions granting benefits to carbides and certain other products of South Africa was intentionally left to the discretion of the U.S. Trade Representative, based on concerns regarding South Africa's Medicines Act and its protection of patent rights for pharmaceuticals. The law requires that the President consider the GSP's eligibility requirements, including a country's protection of intellectual property rights, before granting waivers or extending other benefits under the program. Once the U.S. Trade Representative received adequate assurances as to South Africa's commitment to protecting intellectual property rights, these provisions were implemented. 64 Fed. Reg. 72138 (December 23, 1999). Hence, the delay in implementing preferential tariff treatment for carbides and other products from South Africa served a legitimate negotiating purpose. If our trading partners and companies that are affected by a trade dispute expect that those companies will ultimately be reimbursed retroactively for duties or other costs incurred during the negotiation, they will have no incentive to seek a speedy resolution.

Moreover, if Congress authorizes retroactive duty refunds to compensate for a legitimate delay in unilaterally implementing a preferential tariff rate, then we must anticipate that similarly-situated importers of other products will step forward to seek retroactive refunds, as well.

For these reasons, I urge that H.R. 3820 be excluded from any miscellaneous trade bill that the Committee may favorably report out. Thank your for your consideration, and please do not hesitate to call me if you have any questions.

Sincerely,

ROBERT W. NEY
Member of Congress

cc: A.L. Singleton,
Chief of Staff Committee on Ways and Means

SHIELDALLOY METALLURGICAL CORPORATION
NEWFIELD, NJ 08344–0768
May 18, 2000

A.L. Singleton, Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Re: Request for Comments on Technical Corrections to U.S. Trade Laws and *Miscellaneous Duty Suspension Bills: Opposition to H.R. 3820*

Dear Mr. Singleton:

As President of Shieldalloy Metallurgical Corporation, one of two remaining U.S. producers of ferrovanadium, I am writing to advise the Subcommittee on Trade of Shieldalloy's strong opposition to H.R. 3820, a bill offered for inclusion in a miscellaneous trade package. On behalf of Shieldalloy and the more than 250 individuals that the company employs at its manufacturing facilities in Cambridge, Ohio and Newfield, New Jersey, I urge that H.R. 3820 not be included in any miscellaneous trade bill that the Committee may favorably report out.

The merchandise that is the subject of H.R. 3820, described in the legislation as "carbides" classified under subheading 2849.90.50 of the Harmonized Tariff Schedule of the United States, is otherwise known as vanadium carbides, vanadium carbonitrides, and/or nitrided vanadium. These products are chiefly used as additives in the manufacture of steel. *They are interchangeable and compete head-to-head for sales with ferrovanadium manufactured in the United States by Shieldalloy.*

H.R. 3820 would require the U.S. Customs Service to retroactively refund Customs duties that our competitor paid for merchandise that it imported during a seven-month period from July 1998 to January 1999. These retroactive refunds would be a significant windfall for our competitor, since the "general" rate of duty that would have been paid for these goods is 3.7 percent of their value. In short, the legislation would reward our competitor for importing product, and unfairly penalize Shieldalloy for producing ferrovanadium in the United States.

Obviously, H.R. 3820 is not revenue neutral. It would require the Treasury to issue substantial refunds to the importer. Consequently, it would result in a budget loss that would require an equivalent offset.

In addition, H.R. 3820 would undermine our country's negotiating stance and establish bad precedent. The importer that would benefit from this bill successfully petitioned for a waiver of the Generalized System of Preferences (GSP) "competitive need limit," so that it could import unlimited quantities of this merchandise from South Africa free of duty. Presidential Proclamation 7107 of June 30, 1998 (63 Fed. Reg. 36531 (July 6, 1998)). However, the effective date of the provisions granting benefits to carbides and certain other products of South Africa was intentionally left to the discretion of the U.S. Trade Representative, based on concerns regarding South Africa's Medicines Act and its protection of patent rights for pharmaceuticals. The law requires that the President consider the GSP's eligibility requirements, including a country's protection of intellectual property rights, before granting waivers or extending other benefits under the program. Once the U.S. Trade Representative received adequate assurances as to South Africa's commitment to protecting intellectual property rights, these provisions were implemented. 64 Fed. Reg. 72138 (December 23, 1999). In other words, the delay in implementing preferential tariff treatment for products from South Africa served a legitimate negotiating purpose. If our trading partners and companies that are affected by a trade dispute expect that those companies will ultimately be reimbursed retroactively for duties or other costs incurred during the negotiations, they will have no incentive to seek a speedy resolution.

Moreover, if Congress authorizes retroactive duty refunds to compensate for this legitimate delay in unilaterally implementing a preferential tariff rate, then it must anticipate that similarly situated importers of other products will step forward to seek retroactive refunds, as well.

On behalf of Shieldalloy and its employees, I urge the Subcommittee to exclude H.R. 3820 from any miscellaneous trade bill that it may favorably report out. Thank you for your consideration. If you have any questions, please do not hesitate to call me.

Sincerely,

ERIC E. JACKSON
President

cc: The Honorable Bob Ney
The Honorable Frank A. LoBiondo

STRATCOR
DANBURG, CT
May 19, 2000

Hon. Phil Crane
United States House of Representatives
Ways and Means Committee
Subcommittee on Trade
1102 Longworth House Office Building
Washington, DC 20515

Dear Mr. Chairman:

In February, representatives of Strategic Minerals Corporation ("STRATCOR") met with Savatri Singh of your staff regarding how we as a U.S. Company found itself in the middle of trade fight between the United States Trade Representative and the Republic of South Africa. Our letter today is to advise you that Representative Jay Dickey (R–AR) introduced a Miscellaneous Trade and Tariff Bill, HR 3820, which is presently before your committee, and which will correct the financial impact of the international dispute. These comments support this measure to remedy an unprecedented action against an innocent U.S. company, a bystander to an unrelated dispute. On behalf of Strategic Minerals Corporation and its subsidiaries, this letter requests you to include HR 3820 into the omnibus trade bill.

Background:

On July 1, 1998 the United States Trade Representative (USTR) granted U.S. Vanadium Corporation (USV), a Competitive Need Limit (CNL) waiver for vanadium

carbides produced by Vametco Minerals Corporation, a Delaware corporation with manufacturing operations in the Republic of South Africa. This waiver was requested by USV in 1997 to allow duty-free treatment of such imports to continue under the Generalized System of Preferences (GSP) program. Without precedent, the USTR's office then suspended the effective date of this waiver pending resolution of an unrelated dispute regarding pharmaceutical patents. That dispute was settled in September 1999.

U.S. Vanadium and Vametco Minerals are both wholly-owned subsidiaries of Strategic Minerals Corporation, a Connecticut corporation with vanadium operations in Arkansas, New York, and South Africa, plus a new facility being constructed in Louisiana. The company also has tungsten interests in California.

When USTR restored GSP treatment to a number of South African products, it did not do so retroactively for the USV's vanadium CNL. One of the GSP "hostages" to the pharmaceutical debate was the effective date for implementing this CNL waiver. The implementation delay cost U.S. Vanadium, an innocent company, approximately a million dollars to date, and has figured prominently in Strategic Minerals' 1999 annual loss. Compared to the pharmaceutical industry, Strategic Minerals is a tiny company, with fewer than 160 employees in all its U.S. operations combined.

These developments were particularly egregious because the sole producer and the sole U.S. importer of these vanadium carbides are both wholly-owned subsidiaries of an American company. Neither Vametco Minerals, nor U.S. Vanadium, nor any of the products they make or import were the subject of the dispute. Clearly, it was inappropriate for USTR to use one trade tool (GSP) to achieve another trade objective (resolution of the intellectual property dispute) in a manner that only hurts an innocent American company. USTR should have made the effective date for the CNL waiver for Vanadium Carbides from South Africa the date it was originally granted, i.e. July 1, 1998.

Strategic Minerals unsuccessfully lobbied key USTR officials until December 1999 to remedy the situation. However, conversations with USTR staff and an understanding of trade law leads us to request your support for the private relief bill (HR 3820) to recover approximately half the duties paid during the "implementation delay" imposed by USTR for over two years. We ask that you include this measure with the House Ways and Means Committee Omnibus Trade Bill mark-up.

Thank you in advance for your consideration of this request.

Sincerely,

NICHOLAS A. PYLE
Washington Representative

H.R. 3821

To provide for the liquidation or reliquidation of certain color television receiver entries to correct an error that was made in connection with the original liquidation.

Statement of US JVC Corp., Wayne, New Jersey

This statement is submitted on behalf of US JVC Corp. (JVC) in connection with the April 20 request for public comment by the House Committee on Ways and Means regarding the package of miscellaneous trade bills being prepared by the committee. JVC strongly supports the inclusion in this package of legislation which would require the U.S. Customs Service to refund the antidumping duties it improperly collected on certain JVC entries of color television sets in 1989 and 1990. This legislation, introduced by Rep. William Pascrell as H.R. 3821 on March 31, 2000, parallels other bills included in previous miscellaneous trade packages to resolve similar disputes in recent years, and it should be completely noncontroversial.

US JVC Corp. is a subsidiary of JVC Americas Corp. Headquartered in Wayne, NJ, JVC Americas Corp. has 1,830 U.S. employees. In addition to its New Jersey headquarters, the company has U.S. manufacturing operations in Tuscaloosa, Alabama and Sacramento, California. JVC also has sales, service, research and development, and entertainment software facilities in California, Illinois, Georgia and Hawaii.

As noted above, H.R. 3821 would require Customs to refund the antidumping duties the agency collected in 1989 and 1990 on certain JVC entries subject to Commerce Department antidumping reviews, despite instructions from Commerce not to liquidate the entries until the reviews were complete. These reviews eventually found that no antidumping duties were due on JVC's entries, but Customs refused to refund the duties because the deadline for filing protests had passed.

JVC imported 19 entries of color television receivers from Taiwan between June 1989 and November 1990. These TV receivers were the subject of an antidumping duty order at the time, and thus JVC deposited approximately $130,000 in estimated antidumping duties with the U.S. Customs Service when the TV receivers entered the United States. After JVC deposited these estimated duties, the Commerce Department instructed Customs to suspend liquidation of these entries until Commerce published the results of its final determination in the administrative reviews of color TV receivers from Taiwan during the periods from April 1989 through March 1990 and April 1990 through March 1991. Customs specifically notified JVC of this suspension of liquidation for these entries.

On January 9, 1992, Commerce directed Customs to continue to suspend final assessment of duties on the TV receivers until specifically instructed otherwise. However, on February 28, 1992, Customs proceeded to assess JVC's entries at the duty rate deposited by JVC, and published bulletin notices of the final assessments. Customs officials have acknowledged that this liquidation was in error, and that it occurred as a result of a misreading by a Customs official of the Commerce instructions to continue the suspension of liquidation for JVC's entries.

On May 12, 1992, Commerce released the final results of its administrative review of TV receivers from Taiwan. As part of this announcement, Commerce determined that no antidumping duties should be assessed on the type of receivers imported by JVC during the review period. However, several participants in the review challenged the results of this review and, because of the ensuing delay, Commerce did not instruct Customs to assess JVC's TV receivers with a dumping margin of zero until September 27, 1995.

Following Commerce's final action, JVC requested a refund of the antidumping duty deposits it had paid on the receivers. However, Customs denied this request and also a subsequent JVC protest of Customs' 1992 decision to assess the antidumping duties on the television receivers, arguing that the 90-day limit for filing such protests had expired. Subsequent court cases brought by JVC challenging this Customs decision in the Court of International Trade and the U.S. Court of Appeals for the Federal Circuit have been rejected, primarily due to precedents established in a similar case involving improperly collected duties on concentrated orange juice imported by Juice Farms, Inc.

During the course of this appeal process, these courts suggested that JVC should seek a legislative remedy through congressional legislation, noting that Juice Farms had succeeded in receiving duty refunds through such legislation in 1996. In fact, Juice Farms was one of several companies which succeeded in obtaining refunds of duties improperly collected by Customs as part of the package of miscellaneous trade bills approved by the 104th Congress in 1996 (Public Law 104–295). Similar duty refund legislation was also passed as part of the Miscellaneous Trade and Technical Corrections Act of 1999 (Public Law 106–36). Given these precedents, Rep. Pascrell introduced H.R. 3821 on behalf of JVC on March 1, 2000.

In conclusion, JVC strongly supports the inclusion of H.R. 3821 in the miscellaneous trade package being prepared by the Committee on Ways & Means. The enactment of this legislation as part of the miscellaneous trade package would allow JVC to finally receive refunds of the duties improperly collected by Customs ten years ago. Furthermore, the measure is noncontroversial, as evidenced by the inclusion of virtually identical provisions to resolve similar situations in previous miscellaneous trade packages enacted by Congress.

Please feel free to contact us should the Committee have any questions regarding this matter.

Respectfully submitted,

THOMAS F. ST. MAXENS
St. Maxens & Company

H.R. 3828

To suspend until January 1, 2003, the duty on a paint additive chemical.

NO COMMENTS SUBMITTED.

H.R. 3837

To suspend temporarily the duty on ortho-cumyl-octylphenol (OCOP).

NO COMMENTS SUBMITTED.

H.R. 3838

To suspend temporarily the duty on certain polyamides.

ELF ATOCHEM NORTH AMERICA, INC.
ARLINGTON, VA 22209
May 10, 2000

The Honorable A. L. Singleton, Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Copy of Statement of Purpose Submitted Upon Request to the U.S. International Trade Commission and to U.S. Department of Commerce Covering Duty Suspension for Micro-Porous, Ultra-Fine, Spherical Forms of Polyamides 6, 12, and 6/12 (HR 3838).

Dear Mr. Singleton,

In response to inquiries made by both the U.S. International Trade Commission and the U.S. Department of Commerce, the enclosed document was prepared in support of passage of the measure. On behalf of Elf Atochem NA, importer of the products designated, I am submitting these copies to the Committee for the record.

Thank you for your attention. Please advise should your office have additional questions.

Regards,

CHARLES A. KITCHEN
Director—Government Releations

PRODUCT & MARKET INFORMATION

Note: This information is provided in response to U.S. International Trade Commission inquiry.

MICRO-POROUS, ULTRA FINE, SPHERICAL FORMS OF POLYAMIDES 6, 12 AND 6/12 SHOULD BE DUTY FREE IMPORTS (HR 3838 & S. 2240)

CAS Reference Numbers

Polyamide 6 -CAS # 25038–54–4
Polyamide 12 -CAS # 25038–74–8
Polyamide 6/12 -CAS # 25191–04–2

Product Line / Trademark

The Micro-Porous, Ultra Fine, Spherical Forms of Polyamide 6, 12, and 6/12 copolymer are sold under Elf Atochem's Registered Trademark ORGASOL.

No Domestic Competition

While there are domestic producers of the ubiquitous pelletized or granular form of polyamides 6 and 12 that finds application in a long list of high-volume plastic molded or extruded products, there are no domestic producers of the micro-porous, ultra fine, spherical forms of polyamide 6, 12, and 6/12 copolymer material. In fact, Elf Atochem is the only global producer the this specialized polyamide line.

The term *polyamide* as used in HTS 3908.10. is the chemical designation for "nylon"—the original brand name coined by DuPont decades ago. Polyamides 6, 12 and the 6/12 copolymer, classified under HTS 3908.10, are subject to a 6.3% duty.

There are process variations in how polyamides are polymerized that produce Polyamides 6, 12 and a 6/12 copolymer that, while chemically the same, have distinctly different structural characteristics that provide unique features and benefits in certain "niche" product applications.

Most polyamides are polymerized by standard methods resulting in Polyamides 6, 12 and 6/12 products that are *pelletized*—i.e., granular in structure. However Polyamides 6, 12 and a 6/12 are polymerized by the solution method (see attached "Fact Sheet") of production yielding polymer material that is a *micro-porous, ultra fine, spherical polymerized powder* that has special and exclusive niches in the industrial coatings and cosmetics markets.

PRODUCTION / IMPORTATION

Importer: Elf Atochem North America, Inc., Corporate Headquarters, 2000 Market Street, Philadelphia, PA 19103, Tel: 215/419–7000

ORGASOL micro-porous, ultra fine, spherical form polyamide 6, 12, 6/12 powder resins are produced at Elf Atochem SA's production facility in Mont, France. Material is imported by Elf Atochem N.A. for direct sale to end-user market customers. No subsequent production processing is required. Imported material is warehoused in the following location prior to shipment to end-use customers:

Linden Warehouse Company, Linden NJ (Port of Newark)

ORGASOL SPECIALIZED POLYMERS MEET PERFORMANCE REQUIREMENTS OF THE COSMETICS INDUSTRY AND OF THE HIGH-END INDUSTRIAL COATINGS MARKET

Cosmetics Market

Micro-porous, ultra fine, spherical polyamides 6, 12, and 6/12 copolymer powder forms are used as carriers of pigments and to absorb oils in the skin. Personal care/cosmetics marketers use our ORGASOL micro-porous powder resins to give products such as pressed powder, superior texture and a pleasant or soft-to-the-touch feel. There are no domestic producers of these unique form of polyamides 6. 12 and 6/12 copolymer.

High-End Industrial Coatings

ORGASOL micro-porous, ultra fine, spherical form powder resins also are used by manufacturers of industrial coatings, paints and varnishes to increase abrasion resistance, texturing and gloss control in UV cured coatings -without significantly increasing viscosity. There are no domestic producers of these micro-porous, ultra fine polyamides that meet the unique product features is high-end "niche" coatings applications that can only be realized with ORGASOL powder resins.

H.R. 3853

To reduce temporarily the duty on Mesamoll.

BAYER CORPORATION, U.S.A.
PITTSBURGH, PA 15205–9741
May 5, 2000

Mr. A. L. Singleton
Chief of Staff
House Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Subject: H.R. 3853 A bill to suspend temporarily the duty on Mesamoll

Dear Mr. Singleton:

Bayer Corporation is a research-based company with major businesses in health care and life sciences and chemicals. The company had 1999 sales of $8.9 billion and employs more than 22,200 people throughout the United States and is headquartered in Pittsburgh, Pennsylvania. Bayer Corporation is a member of the worldwide Bayer Group, a $29 billion international life sciences, polymers and specialty chemicals group based in Leverkusen with 120,400 employees worldwide.

Bayer Corporation is a regular importer of Mesamoll. Bayer's Logistics Division, with major import operations at Pittsburgh, Pennsylvania and Bayer warehousing in Morrisville, PA and Greenville, SC as well as Bayer's customers would benefit from tariff suspension on Mesamoll. Mesamoll is very specialized material occupying less than 1% of the 1 billion plus pound plasticizer market and is a non-phthalate plasticizer for flexible PVC and other polymers.

Over 400 U.S. customers are served by use of these products as a replacement for phthalates in a wide variety of end use applications. This product has also proven to be a safe alternative to chlorinated solvents such as methylene chloride in the cleaning of polyurethane processing equipment. Mesamoll is not produced in the United States and is extremely helpful to the automotive industry to assist with high performance applications in competing with imported goods. Mesamoll has humanitarian applications raging from the manufacture of tents and shelters based on PVC coated fabric to medical apparatus. United States compounders seeking to reach new performance levels economically will reap economic benefits from duty reduction of this product. Bayer AG is the only producer of this type of Alkyl Acid Ester of Phenol (Mesamoll) with its unique balance of properties and high performance characteristics.

We hope this supplemental information is useful in the House Ways and Means Committee deliberations regarding the tariff suspension for Mesamoll, proposed in H.R. 3853. Please do not hesitate to contact me at Tel: 412–777–2058 with any questions. In the event that I am unavailable, Julie Van Egmond in our Washington office (Tel.: 202–756–3773) or Stephen Johnsen at our Pittsburgh location (Tel: 412–777–5616) could be of assistance.

Sincerely,

KAREN L. NIEDERMEYER

H.R. 3854

To reduce temporarily the duty on Vulkalent E/C.

BAYER CORPORATION, U.S.A.
PITTSBURGH, PA 15205–9741
May 1, 2000

Mr. A. L. Singleton
Chief of Staff
House Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Subject: H.R. 3854 A bill to suspend temporarily the duty on Vulkalent E/C

Dear Mr. Singleton:

Bayer Corporation is a research-based company with major businesses in health care and life sciences and chemicals. The company had 1999 sales of $8.9 billion and employs more than 22,200 people throughout the United States and is headquartered in Pittsburgh, Pennsylvania. Bayer Corporation is a member of the worldwide Bayer Group, a $29 billion international life sciences, polymers and specialty chemicals group based in Leverkusen with 120,400 employees worldwide.

Bayer Corporation is a regular importer of Vulkalent E/C. Bayer's Rubber Division, with operations in Akron, OH, import operations in Pittsburgh, PA, Bayer warehouses in Greenville, SC and Bayer customers in the states of Ohio, California, North Carolina, Texas, Illinois, Tennessee, Virginia, New Jersey and Rhode Island would benefit from tariff suspension on Vulkalent E/C. Vulkalent E/C is a very uniquely balanced retardant for rubber products with high performance applications, occupying less than 1% of the $1 billion + rubber market.

United States compounders seeking to reach new performance levels will reap technical benefits from duty reduction of this product. Vulkalent E/C has an advantage for the U.S. industry because of its unique balance of properties and high performance applications. U.S. customers are served by use of this product as part of base rubber compound recipes in the production of rubber goods, such as automotive hoses and shoes, where it is used as a vulkanization retarder. This product is not produced in the United States and is extremely technically effective and thereby helpful to U.S. industry in competing with other imported rubber products in a wide variety of uses.

We hope this supplemental information is useful in the House Ways and Means Committee deliberations regarding the tariff suspension for Vulkalent E/C, proposed in H.R. 3854. Please do not hesitate to contact me at Tel: 412–777–2058 with any questions. In the event that I am unavailable, Julie Van Egmond in our Washington office (Tel.: 202–756–3773) or Stephen Johnsen at our Pittsburgh location (Tel: 412–777–5616) could be of assistance.

Sincerely,

KAREN L. NIEDERMEYER

H.R. 3855

To reduce temporarily the duty on Baytron M.

BAYER CORPORATION, U.S.A.
PITTSBURGH, PA 15205–9741
May 1, 2000

Mr. A. L. Singleton
Chief of Staff
House Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Subject: H.R. 3855 A bill to suspend temporarily the duty on Baytron M

Dear Mr. Singleton:

Bayer Corporation is a research-based company with major businesses in health care and life sciences and chemicals. The company had 1999 sales of $8.9 billion and employs more than 22,200 people throughout the United States and is headquartered in Pittsburgh, Pennsylvania. Bayer Corporation is a member of the worldwide Bayer Group, a $29 billion international life sciences, polymers and specialty chemicals group based in Leverkusen with 120,400 employees worldwide.

Bayer Corporation is a regular importer of Baytron M. Bayer's Logistics Division, with major import operations at Pittsburgh, Pennsylvania and Bayer warehousing in Simpsonville and Rock Hill, SC as well as Bayer's customers in Simpsonville, SC and Bridgeville, IL would benefit from tariff suspension on Baytron M. Baytron M is a patent-protected, very specialized monomer used for the production of electrostatic and antistatic coating of films. The product is an environmentally friendly, cost-effective material occupying less than 1% of the electronics industry.

United States compounders seeking to reach new performance levels economically will reap economic benefits from duty reduction of this product. Baytron M has an advantage for the U.S. industry because of its unique electrostatic and anti-static properties. This product is not produced in the United States, and is extremely helpful to the U.S. industry in competing with imported goods from the Asian market. There are a wide variety of applications of Baytron M from electronics, glass and circuit boards to organic light emitting diodes.

We hope this supplemental information is useful in the House Ways and Means Committee deliberations regarding the tariff suspension for Baytron M, proposed in H.R. 3855. Please do not hesitate to contact me at Tel: 412–777–5616 with any questions. In the event that I am unavailable, Julie Van Egmond in our Washington office (Tel.: 202–756–3773) or Karen Niedermeyer at our Pittsburgh location (Tel: 412–777–2058) could be of assistance.

Sincerely,

STEPHEN R. JOHNSEN

H.R. 3856

To reduce temporarily the duty on Baytron C–R.

BAYER CORPORATION, U.S.A.
PITTSBURGH, PA 15205–9741
May 1, 2000

Mr. A. L. Singleton
Chief of Staff
House Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Subject: H.R. 3856 A bill to suspend temporarily the duty on Baytron C-R
Dear Mr. Singleton:

Bayer Corporation is a research-based company with major businesses in health care and life sciences and chemicals. The company had 1999 sales of $8.9 billion and employs more than 22,200 people throughout the United States and is headquartered in Pittsburgh, Pennsylvania. Bayer Corporation is a member of the worldwide Bayer Group, a $29 billion international life sciences, polymers and specialty chemicals group based in Leverkusen with 120,400 employees worldwide.

Bayer Corporation is a regular importer of Baytron C-R. Bayer's Logistics Division, with major import operations at Pittsburgh, Pennsylvania and a Bayer warehouse and Bayer customers in Simpsonville, SC would benefit from tariff suspension on Baytron C-R. Baytron C-R is a very specialized aqueous catalytic dispersion material with high performance, and environmentally friendly characteristics occupying less than 1% of the electronics industry.

United States compounders seeking to reach new performance levels economically will reap economic benefits from duty reduction of this product. Baytron C-R has an advantage for the U.S. industry because of its unique electrostatic and anti-static properties and ability to be used even in the fine pores of circuit boards. This product is not produced in the United States, and is extremely cost-effective and thereby helpful to U.S. industry in competing with imported goods from the Asian market. There are a wide variety of applications of Baytron C-R from the production of capacitors to printed circuit boards.

We hope this supplemental information is useful in the House Ways and Means Committee deliberations regarding the tariff suspension for Baytron C-R, proposed in H.R. 3856. Please do not hesitate to contact me at Tel: 412–777–5616 with any questions. In the event that I am unavailable, Julie Van Egmond in our Washington office (Tel.: 202–756–3773) or Karen Niedermeyer at our Pittsburgh location (Tel: 412–777–2058) could be of assistance.

Sincerely,

STEPHEN R. JOHNSEN

H.R. 3858

To suspend temporarily the duty on iced teas.

Statement of V. Venkiteswaran, President, Tata Tea, Incorporated, Plant City, Florida

Tata Tea, Incorporated, based in Plant City Florida, produces and markets instant tea powders. We have been in business for more than 20 years and annual sales amount to approximately $16 million.

Bill Summary

H.R. 3858 is a bill that would eliminate a 10% tariff on iced tea drink mixes containing sugar that are imported into the United States.

Description of Manufacturing Process

Instant iced tea drink mixes are composed of sugar, powdered tea, flavors and coloring.

Tata Tea imports powdered tea extracted from tea leaf. The tea powder is extracted in India by our parent company. In Plant City, Florida, the powdered tea is dissolved in water, mixed with caramel color, spray dried and milled to a fine powder.

Our customers are private label companies and some of them purchase tea powder as a pre-mix to manufacture instant iced tea drink mixes. They export the tea powder to Canada in order to add sugar and other ingredients. The finished product is then packaged for retail sale and imported into the United States.

Tariff Treatment

Tea leaves and tea powders are generally imported into the United States duty free.

In contrast, iced tea drink mixes containing sugar are dutiable and may be subject to tariff rate quotas that exist under the U.S. sugar program. The sugar quotas are administered by imposing high tariffs on over quota merchandise. Drink mixes imported *within* the quota are dutiable at the lower rate of 10 percent ad valorem. The tariff that applies to in quota drink mixes is unrelated to the sugar quota program. Drink mixes imported within the quota may also be imported into the United States duty free if they qualify for preferential duty treatment under the North American Free Trade Agreement (NAFTA).

Although our tea powder is further processed in the United States, it does not qualify for preferential treatment under the NAFTA rules of origin. In order to qualify for NAFTA, the tea powder must be extracted in North America.

At present, Tata Tea imports tea powder into the United States duty free. However, our customers would have to pay a 10% tariff if they import the drink mix into the United States.

Effect on the Market

The existing tariff structure places Tata Tea at a competitive disadvantage with producers that extract tea powder in the United States. Our customers must pay duties on drink mixes that are imported into the United States from Canada. However, they pay no duties if the tea powder is purchased from a supplier that extracts powder in the United States. This occurs despite the fact that all of the major producers extract tea powder from foreign tea leaf.

The situation described above is distorting the market for instant tea drink mixes. Producers that rely on tea powder extracted abroad have difficulty competing with manufacturers that extract tea powder in the United States. This results in less competition and fewer choices for the consumer.

Tata Tea has explored the possibility of establishing an extraction facility in the United States in order to qualify for NAFTA. This is not feasible primarily due to environmental concerns. For the same reason, most of our competitors have moved their extraction facilities offshore. In the long-term, it may not be viable for any manufacturer to extract tea powder in the United States.

Proposed Duty Suspension

Congress did not intend to shield domestic producers of tea powder from foreign competition. This is evident because there is no tariff on tea powder imported into the United States. Nevertheless, due to the tax on finished iced tea mixes, suppliers that extract tea overseas are placed at a competitive disadvantage. If enacted, H.R. 3858 would eliminate this disparity in tariff treatment by suspending the tariff on instant iced tea drink mixes. As a consequence, all producers of tea powder will be placed on an equal footing.

The proposal to suspend duties will have no effect on the United States sugar program because it applies only to instant iced tea drink mixes that are entered within the sugar quota. That is, the rates used to administer the tariff rate quotas on sugar will remain unchanged and will apply to all over quota merchandise. Consequently, we do not believe that the cane and beet sugar industry will lodge an objection to this bill.

Conclusion

For the foregoing reasons, we urge the Subcommittee on Trade to include H.R. 3858 in the next miscellaneous trade package.

H.R. 3868

To provide for the reliquidation of certain entries of vacuum cleaners.

NO COMMENTS SUBMITTED.

H.R. 3869

To provide for the liquidation or reliquidation of certain entries of copper and brass sheet and strip.

May 17, 2000

Honorable Philip M. Crane
Chairman
Ways and Means Subcommittee on Trade
U.S. House of Representatives
Washington, D.C. 20515

Dear Phil:

I am responding to your April 20th press advisory in which you request written comments regarding a list of trade proposals you are considering for inclusion into a Miscellaneous Tariff and Duty Suspension package.

Specifically, I am writing to urge you to incorporate legislation I have introduced, H.R. 3869, into the proposal you are crafting. I introduced H.R. 3869 on behalf of a company headquartered in my district, Outokumpu Copper, Inc. (Outokumpu). Indeed, Outokumpu is located just down the road from your district in Bloomingdale, Illinois. Technically, the bill would "provide for the liquidation or reliquidation of certain identified entries of copper and brass sheet and strip." In layman's terms, my bill would refund to Outokumpu monies owed to it by the federal government as a result of duty payments Outokumpu made that were in excess of the final duty it was determined to owe. The excess payments come to slightly over $1 million in principal and interest.

Outokumpu imports brass sheet and strip from the Netherlands and Sweden. These imports have been subject to antidumping orders since the late 1980s. Under Customs procedure, Outokumpu pays ("deposits") the estimated antidumping duties at the time its imports enter the United States. A final assessment ("liquidation") of the actual duty amount that should be paid is not made until the Import Administration of the Department of Commerce Service completes a review. During the period in which deposits are made on the imports, and prior to review, the Customs Service is supposed to suspend the liquidation of the entries. Notwithstanding the suspension requirement, the Customs Service inadvertently liquidated many of Outokumpu's entries at the original deposit amount even though many were in excess of the final assessed duty. The company should have been refunded the amount of its overpayments, which date back to a period of time covering 1988–1992. Unfortunately, it was not, a fact which Outokumpu only recently discovered. Outokumpu's only recourse to recover the money owed to them by the federal government is through enactment of legislation.

It is my understanding that in the past your Committee has granted similar requests with respect to liquidated duties, and I respectfully urge you to include H.R. 3869 in your legislative trade package. The federal government owes Outokumpu money—money that Outokumpu deposited with the federal government in good faith. This money belongs to the taxpayer and ought to be returned to the taxpayer with appropriate interest.

Needless to say, I would be happy to provide you with any additional information you may require. Thank you for your consideration of my request.

Very truly yours,

HENRY HYDE

HJH:ns

OUTOKUMPU COPPER
BLOOMINGDALE, IL 60108
May 16, 2000

The Honorable Phil Crane
Chairman
Ways and Means
Subcommittee on Trade
1104 Longworth HOB
Washington, D.C. 20515

Dear Mr. Chairman:

We are writing in response to your April 20th Advisory requesting written comments for the record with regard to a list of trade proposals you are considering for inclusion into a Miscellaneous Tariff and Duty Suspension package.

Specifically, as company officers for Outokumpu Copper, Inc. and Outokumpu Copper (USA), Inc. ("Outokumpu"), we are writing *in strong support of H.R. 3869*, legislation to "provide for the liquidation or reliquidation of certain identified entries of copper and brass sheet and strip." H.R. 3869, introduced by your Illinois colleague, Representative Henry Hyde, will refund to Outokumpu monies owed to it by the federal government as a result of the inadvertent liquidation of duties by the U.S. Customs Service. The remainder of this letter will explain in detail the circumstances surrounding this case and the necessity for enactment of H.R. 3869. For your information, Senator Dick Durbin has introduced similar legislation, S. 2295, in the Senate.

Outokumpu is a U.S. importer of brass sheet and strip from the Netherlands and Sweden. Headquartered in Bloomingdale, Illinois, our company imports these products from Outokumpu Copper Strip BV (Netherlands) and Outokumpu Rolled Products AB (Sweden). Imports of Outokumpu brass have been subject to antidumping orders since 1987 (Sweden) and 1988 (Netherlands). Under Customs procedure, Outokumpu pays ("deposits") the estimated antidumpting duties at the time its imports enter the United States. A final assessment ("liquidation") of the actual duty amount that should be paid is not made until the Import Administration of The Department of Commerce completes a review for the applicable 12-month period covering the imports. During the period in which deposits are made on the imports, and prior to the Import Administration's review, the Customs Service is supposed to suspend the liquidation of entries subject to antidumping orders.

Notwithstanding the suspension order, the Customs Service inadvertently liquidated many of Outokumpu's entries at their original deposit amount even though many were in excess of the final assessed duty. The company should have been refunded the amount of its overpayments, which date back to a period of time covering 1988–1992. Unfortunately, it was not. Until very recently, the company believed that these entries were still unliquidated. Consequently, Outokumpu's only recourse to recover these entries, amounting to slightly over $1 million (in excess duty deposits and interest cost), is through federal legislation—namely H.R. 3869.

We would note that the $1 million figure is a "net" figure. The net figure is referenced because *not only have we provided Customs with a list of those liquidated entries where Outokumpu overpaid, but we have also provided Customs with a list of liquidated entries where Outokumpu actually owes additional duty*. In short, we want to set the entire record straight. We believe that the Customs evaluation of the entry list we have provided will unequivocally support our claim. For your information and for the record, in this transmittal we have provided you with the same detailed list of entries that we have provided to Customs. Finally we would note for the record that, to date, Customs has been very cooperative in working with us to evaluate the entries in question.

We stand prepared to provide you and your Subcommittee with any additional information you may require to evaluate the merits of this legislation. As a matter of principle and as a matter of equity and fairness, we strongly believe Outokumpu should be refunded the amount of duty it has overpaid along with appropriate interest. It is our understanding that in the past your Subcommittee has granted similar requests with respect to liquidated duties, and we urge you to include H.R. 3869 in your legislative trade package.

Thank you for your time and for your consideration of our request.

Sincerely,

Martin A. Kroll Ulf Anvin
President President

Enclosure

Outokumpu
Inadvertent Liquidation Summary
USD

AD Duty Due Outokumpu (net)	($458,764.70)
Interest Due Outokumpu (net)	($568,925.74)
Total Due Outokumpu	($1,027,690.44)

Outokumpu
Inadvertent Liquidation Legend

Cases			
1	Sweden 1	Final Duty:	3.39%
2	Sweden 2	Final Duty:	4.62%
3	Sweden 3	Final Duty:	6.69%
4	Sweden 4	Final Duty:	9.49%
5	Sweden 5	Final Duty:	8.60%
6	Holland 1	Final Duty:	$0.1395/pound
7	Holland 2	Final Duty:	$0.1680/pound
8	Holland 3	Final Duty:	2.03%

Tax ID	
98-0038945	Outokumpu Copper USA
28-0900740	Outokumpu Sweden
28-0900861	Outokumpu Holland

Outokumpu
Inadvertent Liquidation Detail
USD

($1,927,690.35)

Row	Case Number	Entry Number	Entry Date	Port of Entry	Liquidation Date	Tax ID	Entered Value ($)	Entered Value (#)	ADD Paid	ADD Liquidated	Final ADD Rate ($)	Final ADD Rate (%)	Final ADD	ADD Duty Payable/ (Receivable)	Interest Rate	at 12/31/96 Interest Days	Interest Payable/ (Receivable)	Total Payable/ (Receivable)
1 bond	1	110-1197671-6	18-Oct-86	Baltimore	7/6/92	98-0038945	14,308	10493	0.00	0.00		3.38%	485.04	$485.04	N/A			$485.04
1.1 bond	1	110-1198090-8	19-Dec-86	Baltimore	1/23/97	98-0038945	5,054	4588	0.00	0.00		3.38%	168.45	$168.45	N/A			$168.45
1.2 bond	1	110-1271919-8	12-Nov-86	New York	11/8/97	98-0038945	15,093	17408	0.00	0.00		3.38%	511.65	$511.65	N/A			$511.65
1.3 bond	1	110-1272332-0	26-Nov-86	New York	11/20/97	98-0038945	8,350	7888	0.00	0.00		3.38%	283.07	$283.07	N/A			$283.07
1.4 bond	1	110-1955373-1	17-Dec-86	Miami	7/28/98	269000861	26,515	27734	0.00	0.00		3.38%	898.86	$898.86	N/A			$898.86
1.6																		
1.7																		
1.8	1	110-1271914-9	12-Nov-86	New York	11/6/97	98-0038945	29,746	29421	2525.48	2525.48		3.38%	1,006.39	($1,517.10)	8.09%	4,797	($1,613.02)	($3,130.12)
2.1																		
2.2																		
2.3																		
3	1	110-1279006-8	08-Sep-87	New York	8/26/88	98-0038945	26,928	24010	2,555.48	2,555.48		3.38%	912.86	($1,642.62)	8.09%	4,496	($1,636.89)	($3,279.51)
9	1	110-1279939-8	06-Oct-87	New York	11/6/97	98-0038945	9,755	6710	926.03	926.03		3.39%	330.80	($595.23)	8.09%	4,489	($589.59)	($1,184.82)
9	1	110-1280096-2	03-Nov-87	New York	12/11/97	98-0038945	3,924	2293	372.39	372.39		3.39%	133.02	($239.37)	8.09%	4,441	($235.01)	($474.98)
10	1	110-1280557-5	11-Nov-87	New York	12/28/87	98-0038945	36,351	29951	3,449.71	3,449.71		3.39%	1,232.00	($2,217.41)	8.09%	4,433	($2,178.71)	($4,396.12)
14	1	110-1280780-3	24-Nov-87	New York	01/29/88	98-0038945	16,878	16274	1,601.40	1,601.40		3.39%	543.35	($1,158.05)	8.09%	4,420	($1,134.50)	($2,292.54)
17	1	110-1281309-1	15-Dec-87	New York	2/12/88	98-0038945	41,607	33682	3,948.51	3,948.51		3.39%	1,410.48	($2,538.03)	8.09%	4,398	($2,474.05)	($5,012.08)
21	1	110-1282632-4	17-Feb-88	New York	3/18/88	98-0038945	44,003	35556	4,175.70	4,175.70		3.39%	1,491.76	($2,684.00)	8.09%	4,335	($2,578.85)	($5,262.85)
28	1	110-1286027-3	28-Feb-88	New York	3/17/89	98-0038945	41,607	33648	3,948.51	3,948.51		3.39%	1,410.48	($2,537.83)	8.09%	4,328	($2,433.35)	($4,971.19)
32	1	110-1286055-2	23-Feb-88	New York	2/12/89	98-0038945	18,740	15310	1,768.94	1,768.94		3.39%	635.29	($1,133.65)	8.09%	4,329	($1,087.74)	($2,221.39)
35	1	719-0736550-5	27-Jul-87	Atlanta	3/13/92	98-0038945	16,644	15885	1,789.31	1,789.31		3.39%	632.03	($1,157.28)	8.09%	4,540	($1,144.40)	($2,301.68)
36																		
37																		
38																		
39																		
40																		
41	2	110-1285877-2	08-Sep-88	New York	06/02/89	98-0038945	51,523.08		4,889.54	4,889.54		5.41%	2,787.40	($2,102.14)	8.08%	4,131	($1,922.36)	($4,024.51)
49	2	110-1285885-5	08-Sep-88	New York	06/02/89	98-0038945	4,009.05		389.00	389.00		5.41%	221.76	($167.24)	8.08%	4,131	($152.94)	($320.18)
50	2	110-1285953-9	13-Sep-88	New York	06/02/89	98-0038945	14,009.05		1,336.00	1,336.00		5.41%	762.74	($575.24)	8.08%	4,126	($525.41)	($1,100.65)
51	2	110-1286057-0	01-Mar-88	New York	04/01/88	98-0038945	7,667.97		727.89	727.89		5.41%	414.84	($312.85)	8.08%	4,322	($299.33)	($612.18)
52	2	110-1286061-2	02-Mar-88	New York	02/24/89	98-0038945	32,047.00		3,041.26	3,041.26		5.41%	1,733.74	($1,307.52)	8.08%	4,321	($1,250.89)	($2,558.21)
55	2	110-1286120-8	13-Mar-88	New York	03/03/89	98-0038945	45,822.87		4,348.59	4,348.59		5.41%	2,479.03	($1,869.57)	8.08%	4,310	($1,783.77)	($3,653.34)
61	2	110-1286122-2	13-Mar-88	New York	03/03/89	98-0038945	36,725.50		3,675.05	3,675.05		5.41%	2,095.05	($1,580.00)	8.08%	4,310	($1,507.46)	($3,087.46)
62	2	110-1286123-0	13-Mar-88	New York	03/03/89	98-0038945	63,287.04		6,005.94	6,005.94		5.41%	3,423.93	($2,582.11)	8.08%	4,310	($2,493.60)	($5,045.71)
66	2	110-1286124-8	13-Mar-88	New York	03/03/89	98-0038945	66,275.97		6,289.59	6,289.59		5.41%	3,585.53	($2,704.06)	8.08%	4,310	($2,578.80)	($5,284.01)
73	2	110-1286133-9	20-Mar-88	New York	04/15/88	98-0038945	49,798.00		4,725.83	4,725.83		5.41%	2,694.07	($2,031.76)	8.08%	4,303	($1,935.36)	($3,967.12)
79	2	110-1286134-7	20-Mar-88	New York	04/15/88	98-0038945	39,984.91		3,792.67	3,792.67		5.41%	2,162.10	($1,630.57)	8.08%	4,303	($1,553.21)	($3,183.77)
83	2	110-1286151-1	15-Mar-88	New York	06/15/89	98-0038945	7,714.01		732.06	732.06		5.41%	417.33	($314.73)	8.08%	4,208	($300.16)	($614.88)
85	2	110-1286184-1	22-Mar-88	New York	09/24/90	98-0038945	875.97		83.13	83.13		5.41%	47.39	($35.74)	8.08%	4,301	($34.03)	($69.77)
86	2	110-1286282-8	04-Apr-88	New York	06/09/89	98-0038945	48,257.01		4,579.59	4,579.59		5.41%	2,610.70	($1,968.89)	8.08%	4,268	($1,868.93)	($3,837.82)
88	2	110-1286284-2	30-Mar-88	New York	06/09/89	98-0038945	52,551.85		4,987.82	4,987.82		5.41%	2,843.01	($2,144.81)	8.08%	4,283	($2,041.81)	($4,186.62)
92	2	110-1286293-1	06-Apr-88	New York	06/02/89	98-0038945	140,070.07		13,292.65	13,292.65		5.41%	7,577.79	($5,714.86)	8.08%	4,283	($5,478.41)	($11,193.27)
98	2	110-1286294-9	09-Apr-88	New York	06/02/89	98-0038945	88,648.69		8,431.76	8,431.76		5.41%	4,805.72	($3,625.04)	8.08%	4,283	($3,456.99)	($7,082.03)
106	2	110-1286330-1	13-Apr-88	New York	05/02/89	98-0038945	42,578.03		4,050.24	4,050.24		5.41%	2,308.64	($1,741.30)	8.08%	4,279	($1,649.44)	($3,390.74)
111	2	110-1286332-7	13-Apr-88	New York	06/02/89	98-0038945	74,944.05		7,112.19	7,112.19		5.41%	4,054.47	($3,057.72)	8.08%	4,279	($2,896.40)	($5,954.11)
115	2	110-1286376-4	20-Apr-88	New York	05/02/89	98-0038945	7,471.02		709.00	709.00		5.41%	404.16	($304.82)	8.08%	4,272	($288.28)	($593.09)
119	2	110-1286395-6	28-Apr-88	New York	05/02/89	98-0038945	44,056.90		4,181.00	4,181.00		5.41%	2,383.49	($1,797.52)	8.08%	4,263	($1,696.32)	($3,493.84)
123	2	110-1286399-8	29-Apr-88	New York	05/02/89	98-0038945	34,757.86		3,298.53	3,298.53		5.41%	1,880.41	($1,418.12)	8.08%	4,263	($1,338.28)	($2,756.41)
125	2	110-1286418-4	05-May-88	New York	05/02/89	98-0038945	44,040.99		4,179.49	4,179.49		5.41%	2,382.62	($1,796.87)	8.08%	4,256	($1,692.92)	($3,489.80)
129	2	110-1286419-2	05-May-88	New York	06/02/89	98-0038945	15,411.06		1,462.51	1,462.51		5.41%	833.74	($628.77)	8.08%	4,256	($592.40)	($1,221.17)
131	2	110-1286455-5	13-May-88	New York	06/02/89	98-0038945	53,054.91		5,121.27	5,121.27		5.41%	2,919.50	($2,201.77)	8.08%	4,249	($2,079.98)	($4,272.75)
141	2	110-1286467-1	13-May-88	New York	05/02/89	98-0038945	46,356.06		4,399.19	4,399.19		5.41%	2,507.86	($1,891.33)	8.08%	4,249	($1,778.06)	($3,670.31)
143	2	110-1286488-7	20-May-88	New York	07/01/88	98-0038945	50,087.88		4,753.34	4,753.34		5.41%	2,709.76	($2,043.58)	8.08%	4,242	($1,919.03)	($3,962.62)
147	2	110-1286489-5	20-May-88	New York	07/01/88	98-0038945	72,200.55		6,851.36	6,851.36		5.41%	3,911.48	($2,949.88)	8.08%	4,242	($2,770.09)	($5,719.96)
151	2	110-1286490-3	20-May-88	New York	07/01/88	98-0038945	60,632.03		5,753.98	5,753.98		5.41%	3,280.19	($2,473.79)	8.08%	4,242	($2,323.01)	($4,796.80)
156	2	110-1286567-8	27-May-88	New York	06/02/89	98-0038945	41,094.10		3,899.83	3,899.83		5.41%	2,223.16	($1,676.64)	8.08%	4,235	($1,571.85)	($3,248.49)
162	2	110-1286578-5	03-Jun-88	New York	06/02/89	98-0038945	54,429.96		5,165.31	5,165.31		5.41%	2,944.81	($2,220.50)	8.08%	4,228	($2,078.47)	($4,299.17)
169	2	110-1286579-3	03-Jun-88	New York	06/02/89	98-0038945	53,057.85		5,035.19	5,035.19		5.41%	2,870.43	($2,164.76)	8.08%	4,228	($2,026.11)	($4,190.87)
177	2	110-1286636-7	10-Jun-88	New York	06/02/89	98-0038945	78,412.01		7,251.50	7,251.50		5.41%	4,133.86	($3,117.64)	8.08%	4,221	($2,913.10)	($6,030.74)
185	2	110-1286683-3	17-Jun-88	New York	06/02/89	98-0038945	45,429.02		4,310.36	4,310.36		5.41%	2,457.22	($1,853.14)	8.08%	4,214	($1,728.70)	($3,581.84)
191	2	110-1286685-8	17-Jun-88	New York	06/02/89	98-0038945	30,380.08		2,884.02	2,884.02		5.41%	1,644.10	($1,239.92)	8.08%	4,214	($1,156.66)	($2,396.58)
194	2	110-1286703-8	24-Jun-88	New York	07/29/89	98-0038945	44,918.54		4,853.08	4,853.08		5.41%	2,424.57	($2,428.52)	8.08%	4,207	($2,361.68)	($4,800.20)
201	2	110-1286725-2	24-Jun-88	New York	06/02/89	98-0038945	45,866.01		4,347.19	4,347.19		5.41%	2,478.21	($1,868.98)	8.08%	4,207	($1,749.57)	($3,618.54)
204	2	110-1286740-1	01-Jul-88	New York	06/02/89	98-0038945	51,701.28		4,906.45	4,906.45		5.41%	2,797.04	($2,109.41)	8.08%	4,200	($1,961.23)	($4,070.64)
212	2	110-1286824-3	08-Jul-88	New York	06/02/89	98-0038945	41,452.05		3,930.80	3,930.80		5.41%	2,242.55	($1,691.24)	8.08%	4,193	($1,569.82)	($3,261.06)
218	2	110-1286883-1	20-Jul-88	New York	06/02/89	98-0038945	35,054.06		3,326.63	3,326.63		5.41%	1,896.42	($1,430.21)	8.08%	4,181	($1,323.72)	($2,753.93)
220	2	110-1286910-0	24-Jul-88	New York	06/02/89	98-0038945	125,358.89		11,894.48	11,894.48		5.41%	6,780.73	($5,113.75)	8.08%	4,177	($4,728.49)	($9,842.24)
236	2	110-1286913-4	28-Jul-88	New York	06/02/89	98-0038945	36,912.04		3,473.54	3,473.54		5.41%	1,980.84	($1,476.60)	8.08%	4,172	($1,363.72)	($2,840.32)
239	2	110-1286942-3	28-Jul-88	New York	09/09/88	98-0038945	7,114.95		675.21	675.21		5.41%	384.92	($290.29)	8.08%	4,175	($268.29)	($558.58)
241	2	110-1286980-3	02-Aug-88	New York	06/02/89	98-0038945	14,244.89		1,351.85	1,351.85		5.41%	770.65	($581.20)	8.08%	4,168	($536.25)	($1,117.45)
242	2	110-1287007-4	05-Aug-88	New York	06/02/89	98-0038945	18,477.98		1,753.56	1,753.56		5.41%	999.66	($753.90)	8.08%	4,165	($695.10)	($1,449.00)
245	2	110-1287059-7	09-Aug-88	New York	06/02/89	98-0038945	4,785.02		452.20	452.20		5.41%	257.78	($194.41)	8.08%	4,161	($179.05)	($373.46)
248	2	110-1287185-7	22-Sep-88	New York	06/02/89	98-0038945	45,553.11		4,322.99	4,322.99		5.41%	2,464.42	($1,858.57)	8.08%	4,117	($1,693.86)	($3,552.43)
262	2	110-1287376-3	29-Sep-88	New York	06/02/89	98-0038945	95,040.89		9,018.39	9,018.39		5.41%	5,141.72	($3,877.67)	8.08%	4,110	($3,528.02)	($7,405.70)
263	2	110-1287377-1	29-Sep-88	New York	06/02/89	98-0038945	46,882.82		4,638.88	4,638.88		5.41%	2,644.56	($1,994.42)	8.08%	4,110	($1,814.58)	($3,809.00)
270	2	110-1287378-9	29-Sep-88	New York	06/02/89	98-0038945	28,702.11		2,723.83	2,723.83		5.41%	1,552.78	($1,171.05)	8.08%	4,110	($1,085.43)	($2,256.50)
275	2	110-1287573-5	05-Oct-88	New York	06/02/89	98-0038945	31,975.97		3,034.52	3,034.52		5.41%	1,729.50	($1,304.62)	8.08%	4,103	($1,184.88)	($2,489.50)
278	2	110-1287581-8	06-Oct-88	New York	06/02/89	98-0038945	21,628.95		2,053.54	2,053.54		5.41%	1,170.13	($883.41)	8.08%	4,103	($802.39)	($1,685.80)
281	2	110-1287758-6	11-Oct-88	New York	06/20/90	98-0038945	4,583.88		433.12	433.12		5.41%	246.91	($186.21)	8.08%	4,098	($168.92)	($355.13)

282	2	110-1287782-4	11-Oct-88	New York	06/02/89	98-0038945	4,514.96			428.47	428.47		5.41%	244.28	($184.21)	9.08%	4,096	($167.11)	($351.32)
283	2	110-1287780-6	14-Oct-88	New York	06/02/89	98-0038945	13,099.05			1,243.10	1,243.10		5.41%	708.66	($534.44)	9.08%	4,095	($484.49)	($1,018.92)
285	2	110-1287783-0	14-Oct-88	New York	06/02/89	98-0038945	43,804.18			4,158.04	4,158.04		5.41%	2,368.59	($1,789.25)	9.08%	4,095	($1,612.73)	($3,381.78)
295	2	110-1287906-7	18-Oct-88	New York	06/02/89	98-0038945	4,704.95			446.50	446.50		5.41%	254.54	($191.96)	9.08%	4,091	($173.85)	($365.81)
296	2	110-1288061-0	25-Oct-88	New York	06/02/89	98-0038945	9,453.03			896.94	896.94		5.41%	513.03	($386.91)	9.08%	4,084	($349.79)	($736.70)
297	2	110-1288096-7	27-Oct-88	New York	06/02/89	98-0038945	50,858.04			4,805.38	4,805.38		5.41%	2,759.41	($2,065.85)	9.08%	4,082	($1,866.88)	($3,932.81)
298	2	110-1288229-3	03-Nov-88	New York	06/02/89	98-0038945	49,673.97			4,742.52	4,742.52		5.41%	2,703.59	($2,038.93)	9.08%	4,076	($1,839.29)	($3,878.22)
306	2	110-1288370-5	09-Nov-88	New York	06/26/90	98-0038945	4,304.95			408.54	408.54		5.41%	232.80	($175.64)	9.08%	4,070	($158.25)	($333.89)
307	2	110-1288438-3	16-Nov-88	New York	06/26/90	98-0038945	31,786.94			3,017.53	3,017.53		5.41%	1,720.21	($1,297.32)	9.08%	4,068	($1,168.27)	($2,465.59)
309	2	110-1288588-0	24-Nov-88	New York	06/02/89	98-0038945	37,714.95			3,579.15	3,579.15		5.41%	2,040.38	($1,538.77)	9.08%	4,054	($1,380.64)	($2,919.71)
310	2	110-1288892-2	24-Nov-88	New York	06/02/89	98-0038945	80,838.04			7,680.83	7,680.83		5.41%	4,378.64	($3,302.19)	9.08%	4,054	($2,960.50)	($6,262.69)
320	2	110-1288947-2	29-Nov-88	New York	06/26/90	98-0038945	20,547.00			1,952.45	1,952.45		5.41%	1,084.54	($817.92)	9.08%	4,049	($733.12)	($1,551.04)
322	2	110-1289041-1	07-Dec-88	New York	06/02/89	98-0038945	23,706.95			2,249.79	2,249.79		5.41%	1,282.55	($967.24)	9.08%	4,041	($865.25)	($1,832.50)
323	2	110-1289246-2	23-Dec-88	New York	06/02/89	98-0038945	44,854.88			4,255.85	4,255.85		5.41%	2,414.75	($1,821.11)	9.08%	4,025	($1,623.03)	($3,444.14)
329	2	110-1289250-8	21-Dec-88	New York	06/02/89	98-0038945	19,757.91			1,874.84	1,874.84		5.41%	1,063.85	($806.08)	9.08%	4,027	($718.59)	($1,524.68)
333	2	110-1289260-7	22-Dec-88	New York	06/02/89	98-0038945	44,784.84			4,251.04	4,251.04		5.41%	2,423.41	($1,827.63)	9.08%	4,026	($1,628.85)	($3,456.48)
339	2	110-1289378-5	29-Dec-88	New York	06/02/89	98-0038945	3,081.03			292.39	292.39		5.41%	166.68	($125.71)	9.08%	4,019	($111.84)	($237.55)
340	2	110-1289588-1	15-Jan-89	New York	06/02/89	98-0038945	4,922.02			467.10	467.10		5.41%	266.28	($200.82)	9.08%	4,002	($177.91)	($378.73)
341																				
342																				
343																				
344																				
345																				
346	3	110-0935207-8	5-Jan-90	Houston	03/13/92	98-0038945	32,128.98			3,049.04	3,049.04		6.220%	2,000.55	($1,018.49)	7.95%	3,647	($810.05)	($1,828.54)
347	3	110-1294758-5	31-Oct-89	New York	03/22/90	98-0038945	38,567.01			3,658.59	3,658.59		6.220%	2,443.78	($1,220.74)	7.95%	3,713	($992.53)	($2,213.28)
354	3	110-1294990-1	6-Jun-89	Baltimore	09/26/89	98-0038945	43,259.01			4,105.28	4,105.28		6.220%	2,733.87	($1,371.31)	7.95%	3,858	($1,153.72)	($2,525.08)
358	4	11036594145	17-Jan-91	Chicago	12/18/92	98-0038945	12,103.01			682.61	682.61		8.490%	1,146.58	$485.97	8.70%	3,270	$363.19	$829.16
359																				
360																				
361																				
362	5	11036706841	06-Mar-91	Chicago	2/19/93	98-0038945	7,260.81			409.52	409.52		8.600%	524.43	$214.91	8.44%	3,222	$180.11	$375.02
363	5	11036725270	24-May-91	Chicago	2/19/93	98-0038945	25,138.02			1417.78	1417.78		8.600%	2,161.87	$744.09	8.44%	3,143	$540.78	$1,264.87
364																				
365																				
367																				
368 bond	6	110-1231352-1	24-Jul-88	Cleveland	08/26/88	98-0038945		7,789	0.00	0.00	.1395/Lb		1,085.31	$1,085.31	N/A	0	$0.00	$1,085.31
369 bond	6	110-1231359-8	31-Jul-88	Cleveland	08/09/88	98-0038945		10,303	0.00	0.00	.1395/Lb		1,437.27	$1,437.27	N/A	0	$0.00	$1,437.27
370 bond	6	110-1286029-9	25-Feb-88	New York	03/25/89	98-0038945		37,427	0.00	0.00	.1395/Lb		5,221.06	$5,221.06	N/A	0	$0.00	$5,221.06
372 bond	6	110-1286078-5	04-Mar-88	New York	04/08/88	98-0038945		8,749	0.00	0.00	.1395/Lb		1,358.73	$1,358.73	N/A	0	$0.00	$1,358.73
373 bond	6	110-1286079-4	04-Mar-88	New York	08/29/90	98-0038945		65,201	0.00	0.00	.1395/Lb		9,095.54	$9,095.54	N/A	0	$0.00	$9,095.54
377 bond	6	110-1286107-3	10-Mar-88	New York	04/08/88	98-0038945		78,741	0.00	0.00	.1395/Lb		10,984.37	$10,984.37	N/A	0	$0.00	$10,984.37
380 bond	6	110-1286153-7	11-Mar-88	New York	04/15/88	98-0038945		41,267	0.00	0.00	.1395/Lb		5,774.69	$5,774.69	N/A	0	$0.00	$5,774.69
382 bond	6	110-1286154-5	17-Mar-88	New York	04/22/88	98-0038945		40,455	0.00	0.00	.1395/Lb		5,643.47	$5,643.47	N/A	0	$0.00	$5,643.47
383 bond	6	110-1286155-2	31-Mar-88	New York	04/22/88	98-0038945		7,597	0.00	0.00	.1395/Lb		1,073.73	$1,073.73	N/A	0	$0.00	$1,073.73
384 bond	6	110-1286203-0	24-Mar-88	New York	08/29/90	98-0038945		40,313	0.00	0.00	.1395/Lb		5,623.68	$5,623.68	N/A	0	$0.00	$5,623.68
385 bond	6	110-1286218-8	15-Mar-88	New York	04/22/88	98-0038945		33,865	0.00	0.00	.1395/Lb		4,724.17	$4,724.17	N/A	0	$0.00	$4,724.17
388 bond	6	110-1286241-0	31-Mar-88	New York	03/24/89	98-0038945		74,828	0.00	0.00	.1395/Lb		10,438.51	$10,438.51	N/A	0	$0.00	$10,438.51
390 bond	6	110-1286272-5	31-Mar-88	New York	08/03/90	98-0038945		6,328	0.00	0.00	.1395/Lb		884.15	$884.15	N/A	0	$0.00	$884.15
391 bond	6	110-1286278-2	04-Apr-88	New York	08/03/90	98-0038945		26,914	0.00	0.00	.1395/Lb		3,754.50	$3,754.50	N/A	0	$0.00	$3,754.50
392 bond	6	110-1286363-4	21-Apr-88	New York	08/29/90	98-0038945		41,012	0.00	0.00	.1395/Lb		5,721.17	$5,721.17	N/A	0	$0.00	$5,721.17
393 bond	6	110-1286447-3	05-May-88	New York	06/29/90	98-0038945		39,882	0.00	0.00	.1395/Lb		5,573.30	$5,573.30	N/A	0	$0.00	$5,573.30
395 bond	6	110-1286448-1	05-May-88	New York	08/29/90	98-0038945		29,490	0.00	0.00	.1395/Lb		4,113.86	$4,113.86	N/A	0	$0.00	$4,113.86
396 bond	6	110-1286472-1	11-May-88	New York	08/29/90	98-0038945		39,477	0.00	0.00	.1395/Lb		5,507.04	$5,507.04	N/A	0	$0.00	$5,507.04
398 bond	6	110-1286554-3	16-Jun-88	New York	08/29/90	98-0038945		32,091	0.00	0.00	.1395/Lb		4,478.69	$4,478.69	N/A	0	$0.00	$4,478.69
399 bond	6	110-1286558-8	16-Jun-88	New York	07/13/90	98-0038945		39,728	0.00	0.00	.1395/Lb		5,542.06	$5,542.06	N/A	0	$0.00	$5,542.06
400 bond	6	110-1286559-6	22-Jun-88	New York	08/03/90	98-0038945		24,356	0.00	0.00	.1395/Lb		3,397.56	$3,397.56	N/A	0	$0.00	$3,397.56
401 bond	6	110-1286982-9	04-Aug-88	New York	08/29/90	98-0038945		37,533	0.00	0.00	.1395/Lb		5,235.85	$5,235.85	N/A	0	$0.00	$5,235.85
402 bond	6	110-1287022-3	11-Aug-88	New York	08/29/90	98-0038945		34,396	0.00	0.00	.1395/Lb		4,798.24	$4,798.24	N/A	0	$0.00	$4,798.24
403 bond	6	110-1834941-8	04-May-88	Charleston	07/29/94	292900740		36,593	0.00	0.00	.1395/Lb		5,092.17	$5,092.17	N/A	0	$0.00	$5,092.17
404		BOND PERIOD																		
405																				
406																				
407	6	037-0022571-1	05-Jan-89	Los Angeles	02/17/89	98-0098345		15,017	3,844.05	3,844.05	.1395/Lb		2,094.87	($1,749.18)	9.08%	4,012	($1,554.09)	($3,303.26)
408	6	110-1135050-8	01-Apr-89	Chicago	02/18/93	98-0038945		10,841	4,308.15	4,308.15	.1395/Lb		1,944.77	($2,363.38)	9.08%	3,928	($2,054.77)	($4,418.15)
409	6	110-1135292-6	23-Apr-89	Chicago	02/19/93	98-0038945		6,819	1,960.52	1,960.52	.1395/Lb		951.25	($1,029.27)	9.08%	3,904	($896.85)	($1,918.12)
410	6	110-1135479-9	04-May-89	Chicago	12/28/92	98-0038945		1,206	279.32	279.32	.1395/Lb		168.24	($111.08)	9.08%	3,895	($95.77)	($206.85)
411	6	110-1135914-3	01-Jun-89	Chicago	02/18/93	98-0038945		13,019	3,736.65	3,736.65	.1395/Lb		1,816.15	($1,922.50)	9.08%	3,885	($1,743.49)	($3,767.99)
412	6	110-1136111-7	08-Jun-89	Chicago	02/19/93	98-0038945		5,421	1,285.02	1,285.02	.1395/Lb		756.23	($528.79)	9.08%	3,857	($537.08)	($1,165.87)
413	6	110-1136282-5	15-Jun-89	Chicago	12/28/92	98-0038945		15,083	3,870.39	3,870.39	.1395/Lb		2,101.29	($1,769.10)	9.08%	3,851	($1,583.89)	($3,453.09)
414	6	110-1136878-5	14-Jul-89	Chicago	02/19/93	98-0038945		11,253	3,017.42	3,017.42	.1395/Lb		1,566.79	($1,447.63)	9.08%	4,197	($1,342.27)	($2,789.89)
415	6	110-1136915-3	17-Jul-89	Chicago	12/28/92	98-0038945		9,050	2,307.58	2,307.58	.1395/Lb		1,262.48	($1,045.11)	9.08%	3,816	($953.87)	($1,928.98)
416	6	110-1137009-4	17-Jul-89	Chicago	02/18/93	98-0038945		12,003	3,070.80	3,070.80	.1395/Lb		1,675.60	($1,392.00)	9.08%	3,816	($1,277.25)	($2,669.25)
417	6	110-1137010-0	28-Jul-89	Chicago	02/19/93	98-0038945		82,444	19,362.11	19,362.11	.1395/Lb		8,710.84	($9,851.17)	9.08%	3,806	($8,138.73)	($17,789.90)
419	6	110-1231614-4	06-Dec-88	Cleveland	02/17/89	98-0098345		15,768	4,715.70	4,715.70	.1395/Lb		2,169.84	($2,547.86)	9.08%	4,042	($2,253.05)	($4,770.11)
420	6	110-1231615-0	13-Dec-88	Cleveland	02/17/89	98-0098345		6,481	1,833.34	1,833.34	.1395/Lb		894.10	($939.24)	9.08%	4,035	($831.40)	($1,740.64)
421	6	110-1231655-4	30-Dec-88	Cleveland	02/17/89	98-0098345		14,869	4,534.25	4,534.25	.1395/Lb		2,074.09	($2,460.16)	9.08%	4,018	($2,169.04)	($4,649.20)
422	6	110-1231564-5	16-Jan-89	Cleveland	03/24/89	98-0098345		10,421	2,914.79	2,914.79	.1395/Lb		1,453.73	($1,461.06)	9.08%	4,001	($1,294.54)	($2,755.60)
423	6	110-1231705-4	20-Jan-89	Cleveland	03/24/89	98-0098345		14,323	3,960.66	3,960.66	.1395/Lb		1,998.06	($1,962.60)	9.08%	3,997	($1,732.94)	($3,695.44)
424	6	110-1231767-0	12-Mar-89	Cleveland	07/14/89	98-0098345		14,180	4,265.93	4,265.93	.1395/Lb		1,978.11	($2,287.82)	9.08%	3,948	($1,899.21)	($4,287.03)
425	6	110-1232084-4	27-Jul-89	Cleveland	12/01/89	98-0098345		8,555	2,517.58	2,517.58	.1395/Lb		1,332.92	($1,184.66)	9.08%	3,909	($998.27)	($2,183.93)
426	6	110-1287255-7	20-Sep-88	New York	09/08/88	98-0098345		31,259	8,085.20	8,085.20	.1395/Lb		4,360.63	($3,724.57)	9.08%	4,116	($3,287.47)	($7,121.98)
427	6	110-1287285-5	23-Sep-88	New York	09/15/89	98-0098345		8,512	2,123.82	2,123.82	.1395/Lb		1,201.37	($922.45)	9.08%	4,117	($841.10)	($1,763.55)
428	6	110-1287440-3	28-Sep-88	New York	06/29/90	98-0098345		18,509	4,910.11	4,910.11	.1395/Lb		2,721.81	($2,188.30)	9.08%	4,110	($1,992.00)	($4,180.30)
429	6	110-1287491-0	27-Sep-88	New York	06/29/90	98-0098345		35,485	9,083.84	9,083.84	.1395/Lb		5,000.08	($2,993.76)	9.08%	4,112	($2,728.15)	($5,719.92)
430	6	110-1287631-1	29-Sep-88	New York	06/29/90	98-0098345		74,312	17,587.02	17,587.02	.1395/Lb		10,366.53	($7,220.50)	9.08%	4,110	($6,571.67)	($13,792.17)
435	6	110-1287893-1	09-Oct-88	New York	06/29/90	98-0098345		88,889	21,924.88	21,924.88	.1395/Lb		13,792.22	($8,132.66)	9.08%	4,103	($7,389.47)	($15,522.14)
438	6	110-1289491-9	10-Nov-88	New York	06/29/90	98-0098345		78,405	21,180.92	21,180.92	.1395/Lb		10,658.50	($10,522.42)	9.08%	4,068	($9,479.29)	($20,001.71)
442	6	110-1289492-7	10-Nov-88	New York	06/29/90	98-0098345		81,803	19,305.21	19,305.21	.1395/Lb		11,429.47	($7,875.74)	9.08%	4,068	($7,098.60)	($14,974.34)

447	6	110-1286937-1	06-Dec-89	New York	06/26/90	98-0038945		183,158	51,824.34	51,824.34	.1395/Lb			25,550.54	($26,273.80)	8.08%	4,640	($23,508.37)	($49,780.17)			
456	6	110-1710118-8	27-Jan-89	Savannah	01/13/89	280900861		38,177	10,477.56	10,477.56	.1295/Lb			5,325.69	($5,151.87)	8.08%	3,890	($4,592.16)	($9,744.03)			
457																						
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461	7	110-1137082-9	03-Sep-89	Detroit	2/16/93	98-0038945		38808	11,784.22	11,784.22	0.1680/Lb			6,519.74	($5,244.48)	8.83%	3,771	($4,788.62)	($10,033.10)			
462	7	110-1128058-8	11-Oct-89	Chicago	2/16/93	98-0038945		15053	4,170.89	4,170.89	0.1680/Lb			2,528.90	($1,641.98)	8.83%	3,703	($1,463.34)	($3,105.32)			
463	7	110-1128058-8	28-Sep-89	Chicago	2/16/93	98-0038945		32598	8,858.59	8,858.59	0.1680/Lb			5,476.13	($4,423.48)	8.83%	3,748	($4,019.07)	($8,452.55)			
464	7	110-1139691-8	02-Nov-89	Chicago	2/19/93	98-0038945		20321	4,847.15	4,847.15	0.1680/Lb			3,413.80	($1,533.22)	8.83%	3,711	($1,376.92)	($2,910.15)			
465	7	110-1139695-1	02-Nov-89	Chicago	2/19/93	98-0038945		36385	9,167.64	9,167.64	0.1680/Lb			6,112.58	($3,054.96)	8.83%	3,711	($2,770.40)	($5,855.28)			
466	7	110-1139217-9	06-Dec-89	Chicago	2/19/93	98-0038945		2449	748.07	748.07	0.1680/Lb			411.43	($336.64)	8.83%	3,674	($268.31)	($605.95)			
467	7	110-1139218-7	06-Dec-89	Chicago	12/21/89	98-0038945		20864	4,967.88	4,967.88	0.1680/Lb			3,505.15	($1,462.73)	8.83%	3,674	($1,300.52)	($2,763.25)			
468	7	110-1139218-5	03-Dec-89	Chicago	2/16/93	98-0038945		24632	7,318.95	7,318.95	0.1680/Lb			4,188.58	($3,130.37)	8.83%	3,681	($2,798.54)	($5,918.91)			
469	7	110-1139481-1	05-Jan-90	Chicago	2/16/93	98-0038945		34308	10,360.21	10,360.21	0.1680/Lb			5,763.74	($4,618.47)	8.83%	3,647	($4,074.37)	($8,690.84)			
472	7	110-1140425-0	17-Feb-90	Chicago	2/16/93	98-0038945		8486	1,667.91	1,667.91	0.1680/Lb			1,099.65	($578.26)	8.83%	3,604	($504.34)	($1,082.60)			
473	7	110-1140641-7	04-Mar-90	Chicago	2/16/93	98-0038945		8348	1,899.21	1,899.21	0.1680/Lb			1,402.63	($596.58)	8.83%	3,588	($517.57)	($1,114.15)			
474	7	110-1141088-4	01-Apr-90	Chicago	2/16/93	98-0038945		11323	3,112.74	3,112.74	0.1680/Lb			1,902.26	($1,210.48)	8.83%	3,561	($1,043.15)	($2,253.63)			
475	7	110-1142313-1	06-Jun-90	Chicago	2/16/93	98-0038945		5071	1,086.28	1,086.28	0.1680/Lb			551.83	($235.45)	8.83%	3,455	($189.99)	($425.44)			
476	7	110-1142729-9	30-Jun-90	Chicago	2/16/93	98-0038945		10745	2,965.78	2,965.78	0.1680/Lb			1,805.15	($1,178.63)	8.83%	3,471	($990.02)	($2,168.64)			
477	7	110-1232055-5	06-Aug-89	Cleveland	12/01/89	98-0038945		11850	3,032.89	3,032.89	0.1680/Lb			1,990.80	($1,042.09)	8.83%	3,799	($908.04)	($2,000.12)			
478	7	110-1232138-7	03-Sep-89	Cleveland	12/29/89	98-0038945		9374	2,533.72	2,533.72	0.1680/Lb			1,574.83	($958.89)	8.83%	3,772	($875.30)	($1,834.19)			
479																						
480	7	110-1293737-8	29-Aug-89	New York	8/21/92	98-0038945		21240	5,700.99	5,700.99	0.1680/Lb			3,588.32	($2,132.67)	8.83%	3,778	($1,648.82)	($4,081.49)			
481	7	110-1293738-6	31-Aug-89	New York	8/21/92	98-0038945		31585	8,177.89	8,177.89	0.1680/Lb			5,306.28	($2,871.62)	8.83%	3,774	($2,522.58)	($5,494.10)			
482	7	110-1293859-0	07-Sep-89	New York	8/21/92	98-0038945		108975	29,297.72	29,297.72	0.1680/Lb			18,475.80	($10,821.92)	8.83%	3,767	($9,955.41)	($20,697.33)			
488	7	110-1293861-6	06-Sep-89	New York	8/21/92	98-0038945		34719	10,369.85	10,369.85	0.1680/Lb			5,823.79	($4,537.66)	8.83%	3,768	($4,137.14)	($9,674.20)			
485	7	110-1294009-1	14-Sep-89	New York	8/21/92	98-0038945		78699	21,071.00	21,071.00	0.1680/Lb			13,283.75	($7,787.25)	8.83%	3,760	($7,449.75)	($15,637.00)			
490	7	110-1294111-5	18-Sep-89	New York	8/21/92	98-0038945		83591	22,463.16	22,463.16	0.1680/Lb			14,641.61	($8,421.55)	8.83%	3,755	($7,952.76)	($16,974.31)			
493	7	110-1294328-5	05-Oct-89	New York	8/21/92	98-0038945		187838	53,859.76	53,859.76	0.1680/Lb			31,556.79	($22,302.98)	8.83%	3,739	($20,025.78)	($42,158.74)			
498	7	110-1294585-8	24-Oct-89	New York	8/21/92	98-0038945		19350	5,235.98	5,235.98	0.1680/Lb			3,250.80	($1,985.18)	8.83%	3,728	($1,787.14)	($3,772.32)			
499	7	110-1294588-4	24-Oct-89	New York	8/21/92	98-0038945		70484	21,924.23	21,924.23	0.1680/Lb			12,345.91	($9,578.92)	8.83%	3,729	($8,623.02)	($18,202.24)			
501	7	110-1294788-9	31-Oct-89	New York	8/21/92	98-0038945		81699	20,627.94	20,627.94	0.1680/Lb			13,725.43	($7,202.51)	8.83%	3,713	($6,481.78)	($13,674.29)			
503	7	110-1295228-4	09-Nov-89	New York	8/21/92	98-0038945		191931	53,807.40	53,807.40	0.1680/Lb			32,244.41	($21,562.99)	8.83%	3,704	($19,418.01)	($41,281.09)			
506	7	110-1295087-6	14-Nov-89	New York	3/16/90	98-0038945		77248	21,635.82	21,635.82	0.1680/Lb			12,977.33	($8,658.50)	8.83%	3,699	($7,793.69)	($16,452.19)			
510	7	110-1295089-4	16-Nov-89	New York	8/21/92	98-0038945		4745	1,277.82	1,277.82	0.1680/Lb			787.18	($490.64)	8.83%	3,697	($439.03)	($929.68)			
511	7	110-1295089-2	16-Nov-89	New York	8/21/92	98-0038945		32193	9,550.59	9,550.59	0.1680/Lb			5,469.26	($4,141.33)	8.83%	3,697	($3,705.14)	($7,846.47)			
512	7	110-1295245-0	21-Nov-89	New York	8/21/92	98-0038945		19818	5,098.88	5,098.88	0.1680/Lb			3,329.42	($1,767.24)	8.83%	3,692	($1,578.97)	($3,346.21)			
513	7	110-1295483-8	05-Dec-89	New York	8/21/92	98-0038945		40221	10,361.18	10,361.18	0.1680/Lb			6,765.53	($3,595.65)	8.83%	3,678	($3,209.40)	($6,799.05)			
514	7	110-1295497-7	05-Dec-89	New York	8/21/92	98-0038945		40281	10,342.32	10,342.32	0.1680/Lb			6,767.21	($3,575.11)	8.83%	3,678	($3,192.12)	($6,767.23)			
515	7	110-1295595-5	26-Dec-89	New York	8/21/92	98-0038945		19694	4,832.20	4,832.20	0.1680/Lb			3,342.19	($1,589.81)	8.83%	3,655	($1,419.39)	($3,009.20)			
516	7	110-1295603-4	26-Dec-89	New York	8/21/92	98-0038945		25188	7,233.68	7,233.66	0.1680/Lb			4,231.58	($3,002.08)	8.83%	3,655	($2,655.37)	($5,557.45)			
517	7	110-1296025-5	04-Jan-90	New York	8/21/92	98-0038945		12928	3,016.78	3,016.78	0.1680/Lb			2,104.70	($911.68)	8.83%	3,648	($806.96)	($1,721.04)			
518	7	110-1296561-9	11-Jan-90	New York	8/21/92	98-0038945		17445	4,765.70	4,765.70	0.1680/Lb			2,930.78	($1,834.94)	8.83%	3,641	($1,616.91)	($3,451.79)			
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525	8	1101144535	25-Sep-90	Chicago	12/18/92	98-0038945	53,518.01		10,791.88	10,791.88		2.00%		1,289.42	($9,502.45)	7.58%	3,284	($8,977.08)	($18,179.51)			
526	8	1101144211	29-Oct-90	Chicago	12/18/92	98-0038945	17,804.82		2,884.39	2,884.39		2.00%		361.44	($2,522.95)	7.58%	3,354	($1,757.08)	($4,280.03)			
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530 Bond	6	1100188B032	04/12/88	San Francisco	08/03/88	280900740	$44,774.07	32,808					.1395/Lb	4,580.87	$4,580.87	N/A	4,280	$0.00	$4,580.87			
531 Bond	6	1100189I380	08/01/88	San Francisco	08/02/88	280900740	$35,117.94	26,080					.1395/Lb	3,635.37	$3,635.37	N/A	4,239	$0.00	$3,635.37			
533 Bond	6	1100997I950	03/07/88	New Orleans	03/03/89	280900861	$12,841.92	8,259					.1395/Lb	1,152.13	$1,152.13	N/A	4,315	$0.00	$1,152.13			
534 Bond	6	1100997I2545	04/26/88	New Orleans	04/21/89	280900861	$44,018.74	32,290					.1395/Lb	4,574.21	$4,574.21	N/A	4,288	$0.00	$4,574.21			
535 Bond	6	110128B0745	03/04/88	New York	04/08/88	280900861	$68,709.38	41,827					.1395/Lb	5,834.87	$5,834.87	N/A	4,319	$0.00	$5,834.87			
536 Bond	6	110128B1924	03/09/88	New York	04/08/88	280900861	$53,483.30	39,116					.1395/Lb	5,456.68	$5,456.68	N/A	4,315	$0.00	$5,456.68			
538 Bond	6	110128B3071	03/24/88	New York	04/29/88	280900861	$49,768.58	34,214					.1395/Lb	4,772.85	$4,772.85	N/A	4,289	$0.00	$4,772.85			
539 Bond	6	110128B2139	03/22/88	New York	04/22/88	280900861	$105,983.04	76,425					.1395/Lb	10,661.29	$10,661.29	N/A	4,301	$0.00	$10,661.29			
541 Bond	6	110128B3916	07/26/88	New York	08/29/89	280900740	$58,558.84	41,004					.1395/Lb	5,720.06	$5,720.06	N/A	4,173	$0.00	$5,720.06			
542 Bond	6	110185A3717	04/25/88	Charleston	05/31/89	280900740	$101,434.62	76,215					.1395/Lb	10,631.99	$10,631.99	N/A	4,267	$0.00	$10,631.99			
544 Bond	6	110185I323	06/08/88	Charleston	07/08/88	280900740	$33,760.92	24,291					.1395/Lb	3,388.59	$3,388.59	N/A	4,223	$0.00	$3,388.59			
545 Bond	6	110185I4467	07/27/88	Charleston	07/27/88	280900740	$49,160.51	35,867					.1395/Lb	5,021.58	$5,021.58	N/A	4,174	$0.00	$5,021.58			
546 Bond	6	110185I5924	08/10/88	Charleston	08/20/88	280900740	$69,770.08	53,838					.1395/Lb	7,482.50	$7,482.50	N/A	4,560	$0.00	$7,482.50			
548						TOTAL BOND PERIOD																
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551	6	1100997I470	08/23/88	New Orleans	09/01/89	280900861	$115,278.82	80,099	19,819.37	19,819.37	.1395/Lb			11,299.36	($8,220.01)	8.08%	4,141	($7,629.72)	($15,849.73)			
553	6	1101788B058	10/28/88	Savannah	12/02/88	280900861	$45,967.04	33,056	7,803.24	7,803.24	.1395/Lb			4,611.31	($3,221.93)	8.08%	4,085	($2,993.22)	($6,105.16)			
554	6	1101805I726	09/14/88	Charleston	11/04/88	280900740	$31,883.07	23,059	5,386.52	5,386.52	.1395/Lb			3,215.73	($2,189.78)	8.08%	4,125	($2,034.08)	($4,151.87)			
555	6	1101805I691	11/09/88	Charleston	12/30/88	280900861	$56,585.57	41,672	9,627.04	9,627.04	.1395/Lb			5,813.24	($3,813.80)	8.08%	4,089	($3,436.57)	($7,250.37)			
556																						
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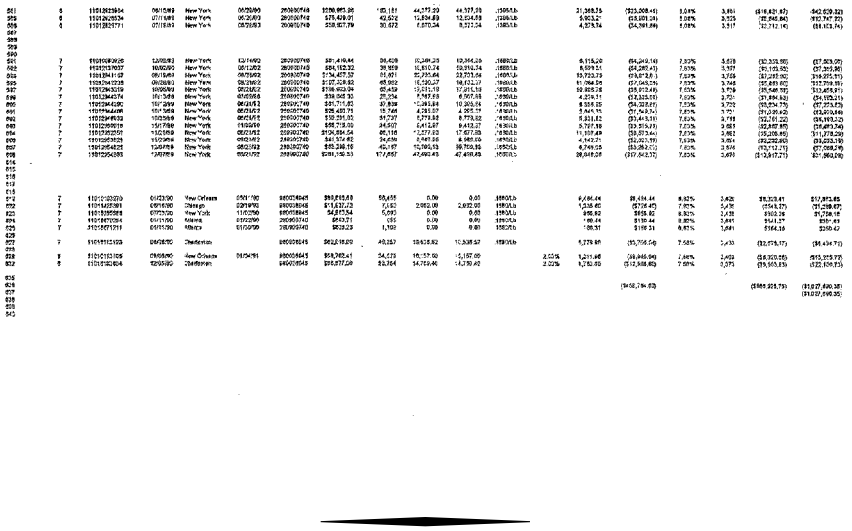
559	6	1101126B611	07/13/89	Chicago	03/05/93	200900740	$3,005.54	2,312	568.49	568.49	.1395/Lb			322.52	($245.97)	8.08%	3,823	($206.24)	($454.21)			
560	6	1101204B11	03/16/89	Baltimore	04/23/93	280900861	$86,109.33	57,617	16,346.97	16,346.97	.1395/Lb			8,065.47	($8,283.50)	8.08%	3,940	($7,227.53)	($15,511.03)			
562	6	1101205I852	07/27/89	Baltimore	08/12/92	280900740	$118,798.71	78,774	20,743.90	20,743.90	.1395/Lb			10,988.87	($9,754.98)	8.08%	3,809	($8,728.41)	($17,683.37)			
564	6	1101206B159	03/09/89	New York	08/29/90	280900740	$120,704.53	84,595	20,526.51	20,526.51	.1395/Lb			11,795.42	($8,733.09)	8.08%	3,949	($7,837.21)	($16,370.30)			
567	6	1101206B841	03/21/89	New York	08/29/90	280900740	$45,552.94	28,697	7,754.91	7,754.91	.1395/Lb			3,722.84	($4,032.07)	8.08%	3,937	($3,315.26)	($7,347.45)			
568	6	1101206I227	03/28/89	New York	08/29/90	280900740	$189,054.58	119,641	31,634.53	31,634.53	.1395/Lb			16,731.77	($14,902.76)	8.08%	3,920	($12,969.87)	($27,872.73)			
571	6	1101291I407	04/05/89	New York	07/21/89	280900740	$52,955.71	35,114	10,551.30	10,551.30	.1395/Lb			4,998.40	($5,552.90)	8.08%	3,921	($4,928.49)	($10,561.39)			
572	6	1101291I415	04/06/89	New York	08/29/90	280900740	$42,454.58	25,702	7,228.73	7,228.73	.1395/Lb			3,585.43	($3,643.30)	8.08%	3,921	($3,183.53)	($6,826.83)			
573	6	1101291I423	04/06/89	New York	08/29/90	280900740	$89,219.23	57,346	15,177.51	15,177.51	.1395/Lb			7,999.27	($7,177.74)	8.08%	3,921	($6,232.52)	($13,410.27)			
575	6	1101291I240	05/04/89	New York	08/29/90	280900740	$230,635.42	138,436	39,213.10	39,213.10	.1395/Lb			19,302.82	($19,910.28)	8.08%	3,893	($17,287.47)	($37,577.95)			
579	6	1101292I566	06/06/89	New York	08/29/90	280900740	$82,573.31	57,346	16,654.77	16,654.77	.1395/Lb			5,209.77	($5,445.00)	8.08%	3,880	($4,654.42)	($10,099.42)			



May 16, 2000

The Honorable Phil Crane
Chairman
Ways and Means Subcommittee on Trade
1104 Longworth House Office Building
Washington, D.C. 20515

Dear Phil:

It is my understanding that you have asked for public comment on a list of trade proposals you recently listed in a press advisory dated April 20th. I am writing to express my support for a proposal contained on that list, H.R. 3869, legislation introduced by our colleague, Henry Hyde.

Specifically, I am writing to urge you to incorporate H.R. 3869 into the Miscellaneous Tariff and Duty Suspension bill you are currently crafting. Representative Hyde introduced H.R. 3869 on behalf of an Illinois company, Outokumpu Copper, Inc. (Outokumpu), headquartered in Bloomingdale, Illinois. Essentially, the bill would refund monies owed to Outokumpu by the federal government resulting from duty payments Outokumpu made that were in excess of the final duty it was determined to owe. The excess payments come to slightly over $1 million in principal and interest. The only way Outokumpu can recoup its money is through federal legislation.

Outokumpu imports brass sheet and strip, imports that have been subject to antidumping orders since the late 1980s. Under Customs procedure, Outokumpu pays ("deposits") the estimated antidumping duties at the time its imports enter the United States. A final assessment ("liquidation") of the actual duty amount that should be paid is not made until the Import Administration of the Department of Commerce Service completes a review. During the period in which deposits are made on the imports, and prior to review, the Customs Service is supposed to suspend the liquidation of the entries. Notwithstanding the suspension order, the Customs Service inadvertently liquidated many of Outokumpu's entries at the original deposit amount even though many were in excess of the final assessed duty. The company should have been refunded the amount of its overpayments, which date

back to a period of time covering 1988–1992. Unfortunately, it was not, a fact that Outokumpu only recently discovered.

I know your Subcommittee has addressed similar requests in the past, and on behalf of the Illinois company in question, I urge you to include Chairman Hyde's bill into your Duty Suspension package.

Thank you for your consideration of my request. Please feel free to contact Jeanette Forcash of my staff at (5–3635) with any questions.

Sincerely,

JERRY WELLER

H.R. 3875

To suspend temporarily the duty on certain steam or other vapor generating boilers used in nuclear facilities

MCDERMOTT INTERNATIONAL, INC.
ARLINGTON, VA
May 19, 2000

A. L. Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Re: HR 3875

Dear Mr. Singleton:

McDermott International is strongly opposed to the adoption of HR 3875 which proposes to eliminate tariffs on certain steam or other vapor generating boilers used in nuclear facilities and classified under the Harmonized Tariff Schedule of the United States (HTSUS) Subheading 8402.11.

McDermott is a leading energy services and manufacturing company, providing engineering, procurement, manufacturing of equipment and project management for customers involved in the production of energy and in other industries. Babcock & Wilcox is a subsidiary of McDermott that manufactures power generation systems, including steam or other vapor generating boilers used in nuclear facilities. Babcock & Wilcox's North American facilities are located in Barberton, Ohio; Cambridge, Ontario, Canada; Ebensburg, Pennsylvania; Lancaster, Ohio; Alliance, Ohio; Melville, Saskatchewan, Canada; Mount Vernon, Indiana; St Petersburg, Florida; West Palm Beach, Florida; and West Point, Mississippi.

Suspension of the 5.2 percent duties as expressed in HR 3875, or permanent elimination of the duties as expressed in'S 2158, on certain steam or other vapor generating boilers that are used in nuclear facilities, would result in substantial loss of revenue to the U.S. Treasury. In the month of February 2000, imports classified under HTSUS Subheading 8402.11 were valued at the amount of $31,058,850. Based on information available to the company, we are confident that this value reflects the importation from Spain of boilers to be used in a nuclear facility. The calculated duty for the month of February, based on the current 5.2 percent rate, is $1,615,060. Based on additional information received from sources in the trade, we believe that imports of boilers for use in nuclear facilities under HTSUS Subheading 8402.11 for calendar year 2000 will be in the range of $150,000,000, thus resulting in potential revenue to the U.S. Treasury of about $7,800,000. In addition, we are aware of numerous U.S. orders to foreign suppliers for delivery in 2001, 2002 and 2003. Please see Enclosure 1 for a listing of these orders. We have also included a list of nuclear plants expected to replace their boilers during the 2006–2010 timeframe (see Enclosure 2). To further document the value of these orders, enclosures 3 and 4 are trade press announcements of significant orders to Korea's Hanjung for 2 nuclear boilers ($50 million) and one to Ansaldo of Italy for L 100 billion for 2 nuclear boilers (roughly $57 million in 1998). Steam generators are the industry term for nuclear boilers.

Nuclear boiler contracts are often awarded on a supply, remove and install basis. The company awards the overall contract and then contracts with a nuclear boiler manufacturer for the supply of the equipment. The contract price for the overall contract, including removal and installation, is often public knowledge. However, the price just for the equipment is often not made public. But, there are only a few major models of nuclear boilers in the U.S. and by knowing the pricing of nuclear boilers at another plant with the same basic model of boilers, one can closely approximate the pricing of nuclear boilers at a plant where the pricing of the boilers is not publicly known. We have used our extensive knowledge of nuclear boiler models at specific plants to complete the pricing shown in enclosures 1 and 2.

Nuclear boilers are critical pieces of equipment in nuclear power plants and are designed and manufactured to exacting standards. Facilities that manufacture nuclear boilers are required to possess an N-stamp qualification. N-stamps are issued by the American Society of Mechanical Engineers and conform to Nuclear Regulatory Commission (NRC) criteria. Qualification for an N-stamp includes a rigorous quality assurance program and a very high level of expertise and quality.

Nuclear boilers are very large pieces of highly engineered equipment (a single boiler can weigh up to 500 tons, approach 70 feet in length and exceed 20 feet in diameter) that are designed and manufactured to extremely tight tolerances (measured in thousandths of an inch).

Babcock & Wilcox maintains the capability to manufacture steam or other vapor generating boilers for use in nuclear facilities at our plants in Cambridge, Ontario, Canada, Mount Vernon, Indiana and Barberton, Ohio. We have performed significant nuclear boiler manufacturing work in our U.S. facilities (component fabrication, component installation, heavy assembly, final inspection and testing). There are a number of nuclear plants requiring replacement boilers, which will necessitate manufacturing in our U.S. facilities. We conduct virtually all of our research and development in the United States. Our North American manufacturing requires significant procurement of U.S. sourced materials and engineering equipment. We also undertake extensive manufacturing of boilers for non-nuclear use in the United States. Our ability to manufacture boilers for nuclear use in the United States will depend on how future orders develop and the duty of HTSUS Subheading 8402.11 remaining at 5.2 %.

Temporary or permanent duty suspension would have an adverse economic impact on US suppliers to Babcock & Wilcox. In 1998, Babcock & Wilcox operations in Cambridge, Ontario issued a minimum of US$3.49 million in purchase orders to US suppliers or their Canadian distributors (US$194,000). These purchase orders were issued strictly against Babcock & Wilcox's nuclear boiler contracts. The corresponding amounts in 1999 were US$ 4.62 million with $1.25 million of this to Canadian distributors. The principal suppliers are located in California, Connecticut, Maine, Nevada, North Carolina, Ohio, Pennsylvania, Texas, Virginia and West Virginia. To the best of our knowledge, these US suppliers only supply to Babcock & Wilcox in respect of our nuclear boiler products. As the duty suspension contemplated in HR 3875 would make Babcock & Wilcox's nuclear boilers less competitive, then this could have a direct adverse impact on our US suppliers.

While HR 3875 and'S 2158 propose to eliminate the U.S. duty on certain products classified under HTSUS Subheading 8402.11, U.S. competitors such as the European Union and Korea (a significant supplier) both maintain duties on this product—2.7 percent and 8.0 percent, respectively. The continued existence of duties in the EU and Korea coupled with the concomitant elimination of duties on U.S. imports would undermine the intent of NAFTA and encourage the migration of production from North America to countries outside the region.

In conclusion, the elimination of the 5.2 percent duty on certain boilers classified under HTSUS Subheading 8402.11 would adversely affect McDermott International and its subsidiary Babcock & Wilcox and preclude it from producing such boilers in the United States. For the reasons stated above, McDermott International and Babcock & Wilcox oppose HR 3875 (and'S 2158) and request that these comments be given formal consideration.

Sincerely,

BRUCE N. HATTON

Enclosures

cc: Mr. Grant Aldonas, Chief International Trade Counsel, Senate Finance Committee
Mr. Dennis Fravel, U.S. International Trade Commission
Ms. Jan Summers, U.S. International Trade Commission

Enclosure 1
Expected Imports of Nuclear Boilers

Contracts Currently Awarded

Nuclear Plant	Expected Import Date	Origin	Approx Import Value	Duty
Farley 1, Ala	Feb 2000	Spain	$31m	$1.6m
ANO 2, Ark	Aug 2000	Spain	$55m	$2.9m
Farley 2, Ala	Oct 2000	Spain	$31m	$1.6m
Kewaunee, Wis	Oct 2000	Italy	$30m	$1.6m
South Texas 2, Tex	2002	Spain	$80m	$4.2m
Sequoyah 1, Tenn	2002	Korea	$40m	$2.1m
Palo Verde 2, Ariz	2003	Italy	$80m	$4.2m
Contracts to be Awarded				
Prairie Island 1, Minn	2004	Spain	$25m	$1.3m
Potential Contracts for Delivery by End of 2005				
Crystal River 3, Fla	by 2005	Potentially dutiable	$60m	$3.1m
ANO 1, Ark	by 2005	Potentially dutiable	$60m	$3.1m
Callaway, Mo	by 2005	Potentially dutiable	$65m	$3.4m
Salem 2, N.J.	by 2005	Potentially dutiable	$55m	$2.9m
Waterford 3, La	by 2005	Potentially Dutiable	$70m	$3.5m

Enclosure 2
Nuclear Plants with
Expected Boiler Replacement Between 2006 and 2010

Nuclear Plant	Approximate Import Value
Palo Verde 1, Ariz	$80m
Palo Verde 3, Ariz	$80m
San Onofre 2, Calif	$70m
San Onofre 3, Calif	$70m
St Lucie 2, Fla	$60m
Prairie Island 2, Minn	$25m
Beaver Valley 1, Penn	$35m
Fort Calhoun, Neb	$50m
Diablo Canyon 1, Calif	$50m
Diablo Canyon 2, Calif	$50m
Sequoyah 2, Tenn	$50m
Watt's Bar 1, Tenn	$65m
Catawba 2, S.C.	$65m
TMI-1, Penn	$60m
Davis-Besse, Ohio	$60m
Beaver Valley 2, Penn	$35m

Enclosure 3

01043836/9
01043836

KOREA'S HANJUNG WINS CONTRACT FOR SEQUOYAH STEAM GENERATORS

Nucleonics Week September 16, 1999 ; Pg 4 ; Vol. 40, No. 37
Journal Code: NUC **ISSN:** 0048-105X
Word Count: 227

Byline:
Tom Harrison, Washington

Text:

South Korea's Hanjung Co. Ltd. will supply four steam generators to the Tennessee Valley Authority's (TVA) Sequoyah-1 for $50-million, the company's first U.S. nuclear power plant contract.

TVA said the steam generators will be replaced no earlier than 2003, and possibly as late as 2005, depending on the performance of the current generators. Sequoyah-1 began operating in 1981. TVA said it currently does not plan to replace Sequoyah-2's steam generators. In 1994, TVA planned to replace the steam generators in 2012 at Sequoyah-1 and 2013 at Sequoyah-2 (NW, 25 Aug. '94, 3).

Hanjung is the subcontractor on the project for ABB Combustion Engineering, which will do some engineering and design work, said Donghwan Kim, vice president of Hanjung America Corp. He said the steam generators will be manufactured in Korea. Hanjung is Korea's NSSS vendor. Kepco's growing nuclear capacity is based on ABB CE's System 80 technology. Hanjung also is preparing a bid to supply two steam generators to Northern States Power's Prairie Island in conjunction with ABB (see next story).

Hanjung, also known as Korea Heavy Industries & Construction Co. Ltd., began looking at the U.S. as a potential market several years ago (NW, 7 Nov. '96, 7). Kim said the company plans to pursue more U.S. steam generator work, again collaborating with ABB CE, but gave no details.

Company Names (DIALOG Generated): ABB Combustion Engineering ; Hanjung America Corp ; Hanjung Co Ltd ; Korea Heavy Industries & Construction Co Ltd ; Northern States Power

Enclosure 4

6578408/9
06578408
Ansaldo: 100 miliardi per centrale Usa

US: L 100BN CONTRACT TO ANSALDO
Il Sole 24 Ore (ISO) 29 Jan 1998 p.
Language: ITALIAN

The US company Arizona Public Services has awarded a L 100bn contract to the Italian company Ansaldo for the project and supply of two steam generators. The generators will be installed in the Palo Verde-based nuclear station (Arizona). *

Company: ANSALDO; ARIZONA PUBLIC SERVICES

Product: Turbines (3511); Electric Power Generating Equip (3617);
Event: Capital Expenditure (43); Use of Materials & Supplies (46); Contracts & Orders (61);
Country: Italy (4ITA); United States (1USA);

Average exchange rate in 1998 : 1770 L/US$
∴ L 100 bn = US$57 million

PRICEWATERHOUSECOOPERS
WASHINGTON, DC 20005–3333
May 19, 2000

The Honorable Phil Crane
Chairman
Ways and Means Subcommittee on Trade
1104 Longworth HOB
Washington, DC 20515

Re: H.R. 3875—Legislation to temporarily suspend the duty on steam generators imported for use in nuclear power facilities.

Dear Mr. Chairman:

We are writing in response to your April 20th press advisory in which you request written comments for the record on technical corrections to U.S. trade law and miscellaneous duty suspension proposals. The comments contained in this letter are submitted on behalf of the following parties and are in lieu of individual comments from each of these organizations.

Nuclear Energy Institute
Alliant Energy Corporation
Northern States Power Company
Pinnacle West Energy Corporation
The Southern Companies
Westinghouse Electric Company
WPS Resources Corporation

In addition, the seven above-named entities filed the attached comments urging repeal of the tariff on steam generators used in nuclear power facilities with the International Trade Commission.

Each of the aforementioned parties *strongly support H.R. 3875* and urges the House of Representatives to repeal or suspend the tariff on steam generators imported for use in nuclear power plants.

As proponents of H.R. 3875, our comments will highlight the following facts.

(1) No public policy is served by the imposition of the duty on nuclear steam generators and there is no apparent public benefit from the tariff.

(2) There is no current domestic production of these specialized steam generators and it is highly unlikely that domestic production capability will be developed in the foreseeable future.

(3) The 5.2% duty imposed on these specialized steam generators is an unnecessary burden on domestic residential, industrial, and commercial users of electricity.

(4) Repeal or suspension of the duty will have an insignificant effect on the federal government's receipts.

(5) H.R. 3875 has strong bipartisan and bicameral congressional support.

No Public Policy Goals are Furthered by the Tariff

There is no apparent public benefit for the imposition and collection of a duty on steam generators imported for use in nuclear facilities. Because there is currently no domestic production and there is no likelihood of future domestic production of nuclear steam generators, there is no policy rationale justifying the continued imposition of this duty.

In fact, the tariff on nuclear steam generators is an inefficient tax on domestic electricity consumers. The tariff is a hidden "BTU tax" on residential, commercial, and industrial users of electricity. Because this hidden BTU tax is collected as a tariff and passed on to consumers through ratemaking proceedings, the tax is masked to the end-users.

Further, this hidden BTU tax is imposed only on nuclear power generation at a time when over 26 States, including Illinois, have deregulated the electric industry. The tariff imposes a competitive disadvantage on nuclear power. The tariff penalizes nuclear power generation, which is the only large-scale power generation source that produces no smokestack emissions.

As the federal and state governments work to bring competition to the electric utility industry and reduce greenhouse gases, it is time to remove the tariff on steam generators imported for use in nuclear power facilities.

No Current U.S. Production

Nuclear steam generators are no longer manufactured in the United States. When nuclear power plants were being constructed in the United States, the reactor suppliers manufactured the original steam generators. Combustion Engineering manufactured generators in Chattanooga, Tennessee; Babcock & Wilcox in Barberton, Ohio; and Westinghouse, in Pensacola, Florida. Combustion Engineering no longer uses its Chattanooga facility for that purpose and has disposed of the manufacturing equipment. Babcock & Wilcox, owned by McDermott International, moved its manufacturing operation to Canada.

Westinghouse was the last company to manufacture this product in the United States. Its plant in Pensacola, Florida was closed after shipping its last order in November 1999. Westinghouse found the nuclear steam generator business insufficient to sustain the plant and transferred its production overseas. The plant equipment has already been sold and the plant structure is for sale and will be converted to another use.

Today, only six companies produce nuclear steam generators in the world, and all of them are outside the United States: Ensa (Spain), Ansaldo (Italy), Babcock & Wilcox (Canada), Framatome (France), HANJUNG (Korea) and Mitsubishi (Japan).

Future U.S. Production Unlikely

The prospect of a nuclear steam generator production facility being located in the United States is extremely remote. We cannot stress this point strongly enough. Indeed, several significant factors suggest that it is highly unlikely that such a production capability will be created in the next five years or for the foreseeable future:

• *The market for nuclear steam generators*—The universe of nuclear power plants in the United States is limited and is not expected to grow. Indeed, the last time a nuclear power facility was ordered in the United States was in January 1978.

• The expense and time required to select, design, and construct a manufacturing facility—The estimated cost of a new manufacturing facility is $60 million to $80 million. Preferred sites are large (a facility of about 200,000 square feet is needed to house production and output prior to shipping) and close to water (steam generators, at 500 to 900 tons, are too large to transport by rail and are transported by water).

• The time required for regulatory authorizations—For example, the Nuclear Regulatory Commission requires manufacturers of nuclear power plant components to be certified (the N-Certificate of Authorization) by the American Society of Mechanical Engineers before a plant may operate in the United States. To acquire a new certification takes about one year.
• The time required to produce a nuclear steam generator—Even after a manufacturing facility is ready to produce, the construction of all component subassemblies and final fabrication takes 32 to 48 months in the typical case.
• U.S. competitiveness—By their actions, it is clear that the assessment of former U.S. suppliers is that production of nuclear steam generators in the United States is not competitive with foreign production.

In addition to these factors, recent decisions by U.S. manufacturers provide compelling evidence that there will be no future U.S. production of nuclear steam generators. If the nuclear steam generator market were viable, an interested party could have purchased a licensed, operating facility at the time the Westinghouse plant closed. No buyers expressed any interest in purchasing the Westinghouse facility for its nuclear steam generator production capacity. Westinghouse has dismantled the facility and is offering to sell the property for other industrial uses.

The Tariff is an Unnecessary Burden on the Consumer

U.S. production capability has evaporated despite the imposition of the duty. The cost of the duty incurred by the utility owning a nuclear power facility is simply passed directly on to the ratepayer. The ratepayer derives no benefit through the payment of this duty. Simply put, *the 5.2% duty imposed on these steam generators is an unnecessary burden on domestic residential, industrial, and commercial users*.

H.R. 3875 has Strong Congressional Support

Representative Mac Collins (GA) introduced H.R. 3875 in the House of Representatives to suspend for five years the tariff imposed by Section 8402.11 of the 2000 U.S. Harmonized Tariff Schedule (USHTS) on the importation of steam generators used in nuclear power facilities. The legislation was introduced with five original cosponsors: Representatives Tanner (TN), J.D. Hayworth (AZ), J. Lewis (GA), N. Johnson (CT), and Thurman (FL). Following introduction of the legislation, Representatives Matsui (CA), Watkins (OK) and Barr (GA) cosponsored the bill.

In the Senate, Senator Frank Murkowski (AK) introduced S. 2158 to eliminate the duty on the importation of steam generators for use in nuclear power facilities. Senator Murkowski introduced his legislation with two original cosponsors, Senators Grams (MN) and Thompson (TN). Senators Coverdell (GA), Kyl (AZ), Mack (FL) and Nickles (OK) have also cosponsored the bill.

The proponents support both H.R. 3875 and S. 2158. While the proponents prefer outright repeal of the duty, they will support a five-year suspension effective January 1, 2000. A lengthy suspension is in order considering how unlikely it is that U.S. production might spring up for all the reasons stated.

In short, legislation to suspend or eliminate the duty on nuclear steam generators has strong bipartisan and bicameral support, particularly from key members of the House Ways and Means Committee and Senate Finance Committee.

Revenue Effect

We estimate that the revenue loss to the federal Treasury will be less than $9 million over five years. We arrive at this figure by applying the tariff rate of 5.2% to the average price of a nuclear steam generator ($12.6 million) and multiplying the result by the number of nuclear steam generators (18) ordered and expected to be imported between 2000 and 2005.

Duties paid by U.S. taxpayers are deductible expenses for purposes of computing income tax liability. Therefore, increased federal revenue derived from duties paid by U.S. taxpayers is partially offset by lower income tax payments to the federal government. It is our understanding the Congressional Budget Office's scoring conventions assume that the income tax offset lowers the revenue loss of a duty suspension or repeal by 25%. The enclosed letter to ITC explains in further detail how we arrived at our revenue estimate and includes discussion of the difference between *replacement cost versus dutiable cost*.

While the $9,000,000.00 ($9 million) revenue loss may be more than the revenue loss of the typical duty suspension measure your Subcommittee considers, it is insignificant in an annual federal budget of $1,800,000,000,000.00 ($1.8 trillion).

Conclusion

Because there are no domestic manufacturing facilities, the tariff neither protects a domestic industry nor promotes the development of new domestic capacity. Indeed,

despite the artificial competitive advantage of the tariff, the last two remaining domestic manufacturers abandoned the market. McDermott International moved its Babcock & Wilcox steam generator production facility to a foreign country. Westinghouse, unable to find a purchaser for it steam generator production facility, simply surrendered its ASME certification required by the U.S. Nuclear Regulatory Commission, shut down its plant, and is converting the facilities to other uses.

Other than an insignificant amount of revenue derived from this hidden tax, the tariff on nuclear steam generators provides no apparent public benefit. Because of the limited market for these specialized generators and the many difficult barriers to entry into production, it is highly unlikely that there will be any domestic production capability in the future.

H.R. 3875 represents sound trade policy. On behalf of the organizations for which we are writing, we strongly urge you to include this proposal in the duty suspension legislation that the Committee will consider this year.

If we can provide any additional information, please do not hesitate to call us at 202.414.1533.

Sincerely,

KIRT C. JOHNSON, AND
Patrick J. Raffaniello

Attachment 1—Proponents

The Nuclear Energy Institute is a trade association organized to shape public policy in a manner that ensures the beneficial use of nuclear energy and related technologies in the United States and around the world. Formed in 1953, the Institute today has nearly 300 members engaged in the peaceful use of nuclear technologies.

Alliant Energy is a major energy-services corporation headquartered in Madison, Wisconsin. It is a utility holding company employing more than 6000 employees, providing electric, natural gas, water and steam energy to more than 1.3 million customers in service territories in Iowa, Wisconsin, Illinois and Minnesota. Alliant Energy is putting its energy services expertise to use in developing markets internationally. Roughly 12% of the energy is generates as a utility comes from nuclear sources, and it purchases additional nuclear-generated electricity for its customers on the wholesale market.

Northern States Power Company is an investor-owned utility serving the Upper Mid-West. Headquartered in Minneapolis, Minnesota, NSP serves electricity consumers in Minnesota, Michigan, North Dakota, South Dakota, and Wisconsin.

Pinnacle West Energy Corporation (PWEC) is an affiliate of Arizona Public Service Company (APS) which is an investor-owned utility serving the Southwest. Headquartered in Phoenix, Arizona, APS is the majority owner and operator of the Palo Verde Nuclear Generating Station that provides electricity to consumers in Arizona, California, Nevada, New Mexico, and Texas. As a result of deregulation in the State of Arizona, APS' ownership interest and operating authority for Palo Verde will be transferred to PWEC.

The Southern Companies is an investor-owned utility serving the Southeast. Headquartered in Atlanta, Georgia, The Southern Companies serves electricity consumers in Alabama, Florida, Georgia, and Mississippi.

Westinghouse Electric Company is engineering and technology company headquartered in Pittsburgh, Pennsylvania.

WPS Resources Corporation is a holding company headquartered in Green Bay, Wisconsin providing products and services in both regulated and non-regulated energy markets. Through its subsidiaries, **Wisconsin Public Service Corporation** and Upper Peninsula Power Company, WPS serves electric consumers in Michigan and Wisconsin.

Mr. Dennis Fravel
International Trade Analyst
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20002

Re: H.R. 3875: Legislation to suspend temporarily the duty on certain steam and other vapor-generating boiler used in nuclear facilities.

S. 2158: Legislation to amend the Harmonized Tariff Schedule of the United States to eliminate the duty on certain steam or other vapor-generating boilers used in nuclear facilities.

Dear Mr. Fravel:

Please accept these comments in support of H.R. 3875 and S. 2158. These comments and the enclosed report on the *U.S. Market for Nuclear Steam Generators* are submitted on behalf of several domestic proponents of H.R. 3875 and S. 2158. These comments are filed on behalf the following organizations and are in lieu of individual comments from each organization.

Nuclear Energy Institute
Alliant Energy Corporation
Northern States Power Company
Pinnacle West Energy Corporation
The Southern Companies
Westinghouse Electric Company
WPS Resources Corporation

A description of each organization is provided as Attachment 1 to this letter.

The proponents strongly urge the Administration to work with Congress to repeal the tariff on steam generators imported for use in nuclear power facilities. The 5.2% duty imposed by 8402.11 of the 2000 U.S. Harmonized Tariff Schedule (USHTS) is a burden on domestic residential, industrial, and commercial users of electricity. There is no current domestic production of these specialized steam generators. Further, there is no domestic capability to initiate production of nuclear steam generators and no feasible likelihood that domestic production capability will be developed.

H.R. 3875

Representative Collins (GA) introduced H.R. 3875 in the House of Representatives to suspend for five years the tariff imposed by 2000 USHTS 8402.11 on the importation of steam generators for use in nuclear power facilities.

The legislation was introduced with five original cosponsors: Representatives Tanner (TN), J.D. Hayworth (AZ), J. Lewis (GA), N. Johnson (CT), and Thurman (FL). Following introduction of the bill, Representatives Matsui (CA) and Barr (GA) cosponsored the bill.

S. 2158

Senator Murkowski (AK) introduced S. 2158 to eliminate the duty on the importation steam generators for use in nuclear power facilities. Senator Murkowski introduced his legislation with two original cosponsors, Senators Grams (MN) and Thompson (TN). Senators Coverdell (GA), Kyl (AZ), Mack (FL) and Nickles (OK) have also cosponsored the bill.

Proponents Prefer Repeal (S. 2158)

The proponents support both S. 2168 and H.R. 3875. We urge Congress and the Administration to repeal the duty. Other than a limited amount of revenue derived from this hidden tax, the tariff on nuclear steam generators provides no apparent public benefit. Because of the limited market for these specialized generators and the many difficult barriers to entry into production, it is highly unlikely that there will be any domestic production capability in the future.

Locations Where Proponents Will Use the Product

Of the 104 operational nuclear power plants in the United States in 1998, 70 have pressurized water reactors. These plants are owned by 34 different utilities and are located in 27 different States. There are committed orders for 30 nuclear steam generators. The following table identifies the country of origin, estimated year of delivery, and power plant where these steam generators will be installed.

COMMITTED ORDERS FOR STEAM GENERATORS BY U.S. POWER PLANTS

Power Plant Name	Country of Manufacture	Year of Delivery	Power Plant State	Number of Units Purchased
Ano 2	Spain	2000	Arkansas	2
Farley 1	Spain	2000	Alabama	3
Kewaunee	Italy	2000	Wisconsin	2
Shearon Harris		2000	North Carolina	2
South Texas Project 1	USA	2000	Texas	4
Cook 1	Canada	2001	Michigan	4
Farley 2	Spain	2001	Alabama	3
Calvert Cliffs 1	Canada	2002	Maryland	2
Calvert Cliffs 2	Canada	2003	Maryland	2
Palo Verde 2	Italy	2002	Arizona	2

Attachment 2 lists the U.S. plants with pressurized water reactors in 1998 and their owners. Attachment 3 depicts their locations.

Description of the Product and Its Uses

Nuclear steam generators are essential components in the process of turning nuclear energy into electricity in a pressurized water reactor. Water is pumped through the reactor's core and is heated by the fission process. This water is maintained under pressure to prevent it from boiling and turning into steam. The pressurized water is passed through the tubing within the nuclear steam generator, a

large heat exchanger that transfers heat from a primary coolant system (tube side) to a secondary coolant system (shell side). The primary coolant system contains pressurized water; the secondary coolant system contains water that is turned into steam by the heat exchanged. The steam drives the power plant turbines, creating electricity.

Attachment 4 shows how nuclear steam generators fit into the generation of electricity. Attachment 5 diagrams the reactor coolant system arrangement.

Specialized use: Nuclear steam generators are specialized pieces of equipment that weigh 500 to 900 tons each. They are used only in pressurized water reactors. They are not used in boiling water reactors, non-nuclear power plants, or other industrial facilities.

The design of a nuclear steam generator is unlike the design of a fossil fuel steam generator. The equipment required to operate the two types of generators is different. The material for the tubing in the nuclear steam generator is different from the tubing material in a non-nuclear plant. The nuclear steam generator tubing must be compatible with the unique primary and secondary side water chemistry conditions to minimize corrosion degradation. Historically the transfer tubes in nuclear steam generators used in the United States were made of alloy 600, a nickel/chrome/iron alloy. Newer steam generators primarily use alloy 690, which is more resistant to corrosion.

Countries of Origin of the Product

Only six companies produce nuclear steam generators. All of them are outside the United States. The companies are listed below.

- Ensa (Spain)
- Ansaldo (Italy)
- Babcock & Wilcox (Canada)
- Framatome (France)
- HANJUNG (Korea)
- Mitsubishi (Japan).

Revenue Effect

We estimate the revenue loss to federal Treasury will be less than $9 million over five years. We arrive at this figure by applying the tariff rate of 5.2% to the average price of a nuclear steam generator ($12.6 million) and multiplying the result by the number of committed nuclear steam generators (18) ordered and expected to be imported between 2000 and 2005.

Duties paid by U.S. taxpayers are deductible expenses for purposes of computing income tax liability. Therefore, increased federal revenue derived from duties paid by U.S. taxpayers is partially offset by lower income tax payments to the federal government. It is our understanding the Congressional Budget Office's scoring conventions assume that the income tax offset lowers the revenue loss of a duty suspension or repeal by 25%.

Replacement cost and price: The average replacement cost of a nuclear steam generator during 1994–1997 (the latest available year of full price data) was $38.4 million. Replacement cost includes many costs in addition to the price or fabrication cost of the steam generator itself. Replacement cost may include licensing, engineering, installation, storage, and transport, as well as the price of the steam generator. Recently, the price of a nuclear steam generator has been approximately 33% of total replacement cost, with some variation.

Tariff to the United States: A buyer may be required to pay an import duty to the United States on nuclear steam generators that are manufactured abroad. In general, the tariff rate for 2000 is 5.2%, although imports from certain countries are exempt by treaties (including Canada, by virtue of the North American Free Trade Agreement).

Duty is computed by reference to the price of the steam generator and not to the replacement cost discussed above (which includes substantial, domestically incurred costs such as transportation, installation, and engineering). A 5.2% duty on the price or fabrication cost of a nuclear steam generator ($12.67 million, or 33% of average total replacement cost) is about $660,000. Of the 30 steam generators under committed orders and listed in Attachment 6, all will be imported and, excepting eight Canadian-made steam generators, 18 apparently will be subject to the 5.2% duty.

No Current U.S. Production of the Product

Nuclear steam generators are no longer manufactured in the United States. When nuclear plants were being constructed in the United States, the original steam generators were being manufactured by the reactor suppliers. Combustion Engineering

manufactured in Chattanooga, Tennessee; Westinghouse, in Pensacola, Florida; and Babcock & Wilcox in Barberton, Ohio. Combustion Engineering no longer uses its Chattanooga facility for that purpose and has disposed of the manufacturing equipment. Babcock & Wilcox moved its manufacturing operation to Canada.

Westinghouse was the last company to manufacture this product in the United States. Its plant in Pensacola, Florida was closed after shipping its last order in November 1999 to the South Texas Project. The plant equipment has already been sold and moved, including highly specialized equipment purchased by competitors. The plant structure is for sale and could be converted to many uses other than its former use.

The Pensacola plant had been used to make power generation and electric generation systems in addition to nuclear steam generators. Westinghouse had planned to close the plant when it sold its power generation division to Siemens AG and its nuclear division to BNFL LTD. Siemens transferred activities relating to power generation out of the plant. Westinghouse/BNFL found the nuclear steam generator business insufficient to sustain the plant and transferred its production overseas to Ensa.

Future U.S. Production is Unlikely

U.S. market entry—the delivery of a new nuclear steam generator that has been produced in the United States—seems highly unlikely during the next five years. There are several factors:

- The time required to select, design, and construct a manufacturing facility. Preferred sites are large (a facility of about 200,000 square feet is needed to house production and output prior to shipping) and close to water (steam generators, at 500 to 900 tons, are too large to transport by rail and are transported by water). The estimated cost of a new manufacturing facility is $60 million to $80 million.
- The time required for regulatory authorizations. For example, the Nuclear Regulatory Commission requires manufacturers of nuclear power plant components to be certified (the N-Certificate of Authorization) by the American Society of Mechanical Engineers before a plant may operate in the United States. To acquire a new certification takes about one year.
- The time required to produce a nuclear steam generator. Even after a manufacturing facility is ready to produce, the construction of all component subassemblies and final fabrication would take 32 to 48 months in the typical case.
- The evident assessment of former U.S. suppliers that production of nuclear steam generators in the United States is not competitive with production elsewhere.

Attachment 6 illustrates the timetable for the 6-year nuclear steam generator replacement project at Unit 2 of the Palo Verde Nuclear Generating Station located 60 miles west of Phoenix, Arizona.

Conclusion

The proponents conclude by again urging the Administration to recommend that Congress repeal the tariff on nuclear steam generators. If we can provide any additional information, please do not hesitate to call us.

Sincerely,

PATRICK J. RAFFANIELLO AND
Kirt C. Johnson

Attachment 1—Proponents

Alliant Energy is a major energy-services corporation headquartered in Madison, Wisconsin. It is a utility holding company employing more than 6000 employees, providing electric, natural gas, water and steam energy to more than 1.3 million customers in service territories in Iowa, Wisconsin, Illinois and Minnesota. Alliant Energy is putting its energy services expertise to use in developing markets internationally. Roughly 12% of the energy is generates as a utility comes from nuclear sources, and it purchases additional nuclear-generated electricity for its customers on the wholesale market.

Northern States Power Company is an investor-owned utility serving the Upper Mid-West. Headquartered in Minneapolis, Minnesota, NSP serves electricity consumers in Minnesota, Michigan, North Dakota, South Dakota, and Wisconsin.

Pinnacle West Energy Corporation (PWEC) is an affiliate of Arizona Public Service Company (APS) which is an investor-owned utility serving the Southwest. Headquartered in Phoenix, Arizona, APS is the majority owner and operator of the Palo Verde Nuclear Generating Station that provides electricity to consumers in Arizona, California, Nevada, New Mexico, and Texas. As a result of deregulation in the

State of Arizona, APS' ownership interest and operating authority for Palo Verde will be transferred to PWEC.

The Southern Companies is an investor-owned utility serving the Southeast. Headquartered in Atlanta, Georgia, The Southern Companies serve electricity consumers in Alabama, Florida, Georgia, and Mississippi.

Westinghouse Electric Company is engineering and technology company headquartered in Pittsburgh, Pennsylvania.

WPS Resources Corporation is a holding company headquartered in Green Bay, Wisconsin providing products and services in both regulated and non-regulated energy markets. Through its subsidiaries, **Wisconsin Public Service Corporation** and **Upper Peninsula Power Company**, WPS serves electric consumers in Michigan and Wisconsin.

Attachment 2—U.S. Pressurized Water Reactor Power Plants

In 1998

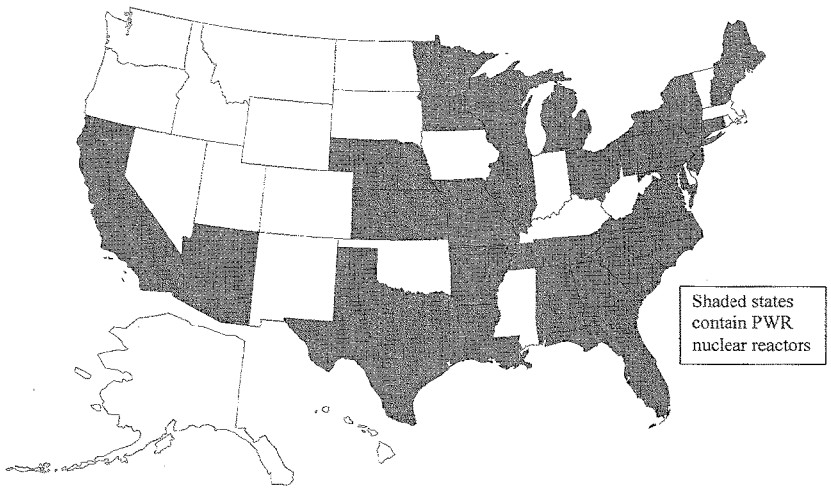
Utility Owner	Power Plant	Location
Alabama Power	Farley 1	Alabama
	Farley 2	Alabama
Arizona PSC	Palo Verde 1	Arizona
	Palo Verde 2	Arizona
	Palo Verde 3	Arizona
Baltimore G&E	Calvert Cliffs 1	Maryland
	Calvert Cliffs 2	Maryland
Carolina Power	Robinson	S. Carolina
	Shearon Harris	N. Carolina
Commonwealth Edison	Braidwood 1	Illinois
	Braidwood 2	Illinois
	Byron 1	Illinois
	Byron 2	Illinois
Consolidated Edison	Indian Point 2	New York
Consumers Energy	Palisades	Michigan
Duke Power	Catawba 1	Piedmont Carolinas
	Catawba 2	Piedmont Carolinas
	McGuire 1	Piedmont Carolinas
	McGuire 2	Piedmont Carolinas
	Oconee 1	S. Carolina
	Oconee 2	S. Carolina
	Oconee 3	S. Carolina
Duquense	Beaver Valley 1	Pennsylvania
	Beaver Valley 2	Pennsylvania
Entergy	Ano 2	Arkansas
	Ano 1	Arkansas
	Waterford 3	Louisiana
Florida P&L	St Lucie 1	Florida
	St Lucie 2	Florida
	Turkey Point 3	Florida
	Turkey Point 4	Florida
Florida Power Corp	Crystal River 3	Florida
General Public Utilities	TMI 1	Pennsylvania
Georgia Power Co.	Vogtle 1	Georgia
	Vogtle 2	Georgia
Houston Light and Power	South Texas Proj 1	Texas
	South Texas Proj 2	Texas
Indiana Michigan Power Company	Cook 1	Michigan
	Cook 2	Michigan
Maine Yankee AP	Maine Yankee	Maine
New York Power Authority	Indian Point 3	New York
Northeast Utilities	Millstone 2	Connecticut
	Millstone 3	Connecticut
Northern States	Prairie Island 1	Minnesota
	Prairie Island 2	Minnesota
Omaha PPD	Fort Calhoun	Nebraska
PG&E	Diablo Canyon 1	California
	Diablo Canyon 2	California
Public Service Electric	Salem 1	New Jersey
	Salem 2	New Jersey

Attachment 2—U.S. Pressurized Water Reactor Power Plants—Continued

In 1998

Utility Owner	Power Plant	Location
Public Service of New Hampshire	Seabrook	New Hampshire
Rochester G&E	Ginna	New York
South Carolina E&G	Summer S.	Carolina
Southern California Edison	San Onofre 2	California
	San Onofre 3	California
Texas Utilities Electric	Comanche Peak 1	Texas
	Comanche Peak 2	Texas
Toledo Edison	Davis Besse	Ohio
Tennessee Valley Authority	Sequoyah 1	Tennessee
	Sequoyah 2	Tennessee
	Watts Bar 1	Tennessee
Union Electric	Callaway	Missouri
Virginia Power	North Anna 1	Virginia
	North Anna 2	Virginia
	Surry 1	Virginia
	Surry 2	Virginia
Wisconsin Electric Power	Point Beach 1	Wisconsin
	Point Beach 2	Wisconsin
Wisconsin Public Service	Kewaunee	Wisconsin
Wolf Creek NOC	Wolf Creek	Kansas

Attachment 3 - Location of U.S. Pressurized Water Reactors in 1998



The U.S. Market for Nuclear Steam Generators:

SUMMARY

Product

Nuclear steam generators are essential components in the process of turning nuclear energy into electricity in a pressurized water reactor. They enable the transfer of heat from pressurized water that has been in the nuclear core to water that has not, thus isolating the steam supply to the power plant turbines from radioactivity.[1]

The generators are used only in pressurized water reactors. They are not used in boiling water reactors or non-nuclear power plants because those other types of plants require steam generators that differ in design and materials. Of the 104 operational nuclear power plants in the United States in 1998, 70 are pressurized water reactors. These plants are located in 27 different States.[2]

Market Demand

Replacement demand.—The market for new nuclear steam generators in the United States is circumscribed and static. There have been no new orders for nuclear power plants in the United States since the late 1970s, and no additions are expected in the foreseable future. Therefore, the demand for nuclear steam generators is, and will be, confined to replacing degraded nuclear steam generators at existing plants. The average age of a nuclear steam generator in the United States at the time of replacement has been about 15 years.[3]

Of the 70 U.S. nuclear facilities with pressurized water reactors in 1998, 48 facilities (69 percent) still operate with their original steam generators and 22 facilities (31 percent) have already replaced the generators.[4] However, 11 of the plants that use original nuclear steam generators have scheduled replacement of 30 generators during 2000–2003 (each plant uses two to four steam generators). These plants are located in Alabama, Arizona, Arkansas, Maryland, Michigan, North Carolina, Tennessee, Texas, and Wisconsin.[5]

Replacement cost and price.—The average replacement cost of a nuclear steam generator from 1994 through 1997 was $38.4 million. Replacement cost includes many costs in addition to the price (fabrication cost) of the steam generator itself. As reported to EPRI, replacement cost may include licensing, engineering, installation, storage, and transport. Recently, the price of the steam generator has been approximately 33 percent of total replacement cost, with some variation above and below.[6]

When nuclear steam generators are replaced at a plant, the utility usually purchases between two and four steam generators, one for each steam generation loop. Thus, the total cost of replacing nuclear steam generators averaged between $76 million and $152 million per plant during 1994–97.[7] Replacement cost has increased very little in nominal dollars through the years, with some ups and downs in between.

The buyer may be required to pay an import duty to the United States on generators that are manufactured abroad. The applicable year 2000 Harmonized Tariff Organization schedule subheading for nuclear replacement steam generators is 8402.11.00, with an associated duty rate of 5.2 percent. Imports from Canada are exempt from this tariff under the North American Free Trade Agreement.[8] It appears that 18 of the 30 nuclear steam generators that are scheduled for replacement during 2000–2003 will be dutiable and that the other eight will come from Canada.[9] Duty is computed by reference to the price of the steam generator and not to the replacement cost discussed above (which includes substantial, *domestically* incurred costs such as installation and engineering). A 5.2-percent duty on the price of a nu-

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[1] EPRI Steam Generator Reference Book, pages 2.2–2.3
[2] EPRI Steam Generator Reference Book, Appendix B—Plant Design Characteristics
[3] EPRI Steam Generator Progress Report, Revision 14, Table 2–1; PwC calculations
[4] EPRI Steam Generator Progress Report, Revision 14, Table 9–1
[5] EPRI Steam Generator Progress Report, Revision 14, Table 9–2, and supplemental information
[6] In conversations with industry experts
[7] EPRI Steam Generator Progress Report, Revision 14, Table 9–1
[8] U.S. Harmonized Tariff Code Schedule, Chapter 84, Year 2000 revision
[9] EPRI Steam Generator Progress Report, Revision 14, Table 9–2; In conversation with industry experts

clear steam generator ($12.67 million, or 33 percent of average total replacement cost) is about $660,000.

Market Supply

No current U.S. production—Six companies are currently producing nuclear steam generators outside the United States. They are Ensa (Spain), Ansaldo (Italy), Babcock and Wilcox (Canada), Framatome (France), Korea Heavy Industries & Construction Company (HANJUNG) (Korea), and Mitsubishi (Japan).[10]

Nuclear steam generators are no longer manufactured in the United States. Westinghouse was the last company to manufacture this product in the United States. Upon closing its plant in Pensacola, Florida after shipping its last order in November 1999, Westinghouse surrendered its American Society of Mechanical Engineers certification which the Nuclear Regulatory Commission requires of manufacturers of nuclear steam generators. The plant equipment has already been sold and the plant structure is for sale.[11]

U.S. market entry highly unlikely in next five years—Production and delivery of nuclear steam generators made in the United States is highly unlikely for at least the next five years.[12] In addition to the evident conclusion of former U.S. suppliers that production overseas is more competitive and the limited economic incentives for expanding production in a country where domestic demand is confined to replacing the existing stock of generators, there are time factors to consider as well. They include time to—

- Select, design, and construct a manufacturing facility. Preferred sites are large, close to water, and cost between $60 million and $80 million to construct.[13]
- Obtain necessary authorizations. For example, the Nuclear Regulatory Commission requires manufacturers of nuclear power plant components to be certified by the American Society of Mechanical Engineers.[14]
- Produce a generator. If a new nuclear steam generator were ordered today, it would take, in the typical case, about 32 to 48 months to complete.[15]

About This Report

This report was prepared by the National Economic Consulting group of PricewaterhouseCoopers. Information for the report was obtained from publications of the Electric Power Research Institute (EPRI), discussions with government and industry experts, and other sources, as recorded in footnotes. Exhibits that elaborate or depict certain points made in the report are collected at the back, beginning at page 12.

The U.S. Market for Nuclear Steam Generators:

PRODUCT

Function

Nuclear steam generators are essential components in the process of turning nuclear energy into electricity in a pressurized water reactor. Water is pumped through the reactor's core and is heated by the fission process. This water is maintained under pressure to prevent it from boiling and turning into steam. The pressurized water is passed through the tubing within the nuclear steam generator, a large heat exchanger that transfers heat from a primary coolant system (tube side) to a secondary coolant system (shell side). The primary coolant system contains pressurized water; the secondary coolant system contains water that is turned into steam by the heat exchanged. The steam powers the power plant turbines, creating electricity.[16]

Exhibit 1 shows how nuclear steam generators fit into the generation of electricity.

Exhibit 2 diagrams the reactor coolant system arrangement.

Used Only in Pressurized Water Reactors

Specialized use.—Nuclear steam generators are specialized pieces of equipment that weigh 500 to 900 tons each.[17] They are used only in pressurized water reactors.

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[10] In conversation with industry experts
[11] In conversation with industry experts
[12] In conversation with industry experts
[13] In conversation with government experts
[14] In conversation with industry experts
[15] EPRI Steam Generator Reference Book, pages 2.1–2.4
[16] In conversation with industry experts
[17] In conversation with industry experts

They are not used in boiling water reactors, non-nuclear power plants, or other industrial facilities.[18]

The design of a nuclear steam generator is unlike the design of a fossil fuel steam generator. The equipment required to operate the two types of generators is different. The material for the tubing in the nuclear steam generator is different from the tubing material in a non-nuclear plant. The nuclear steam generator tubing must be compatible with the unique primary and secondary side water chemistry conditions to minimize corrosion degradation. Historically the transfer tubes in nuclear steam generators used in the United States were made of alloy 600, a nickel/chrome/iron alloy. Newer steam generators primarily use alloy 690, which is more resistant to corrosion.[19]

Number in use—Of the 104 operational nuclear power plants in the United States in 1998, 70 have pressurized water reactors. These plants are owned by 34 different utilities and are located in 27 different States.[20]

Exhibit 3 lists the U.S. plants with pressurized water reactors in 1998 and their owners.

Exhibit 4 depicts their locations.

The U.S. Market for Nuclear Steam Generators:

MARKET DEMAND

Replacement Demand

No demand from new power plant construction—No new nuclear power plants are currently planned for construction in the United States.[21] However, existing plants will eventually replace their deteriorating nuclear steam generators.[22] Thus, the market for nuclear steam generators in the United States is limited to replacements at existing plants.

Repairs—The tubes in a nuclear steam generator (approximately 4,000 to 12,000, depending on size[23]) are susceptible to denting, fatigue, wall thinning, corrosion, and other degradation mechanisms requiring repair. A sleeve can be inserted into the tube and welded to bridge the problem area, allowing continued use of the tube.[24] Alternatively, the tube can be plugged with a corrosion resistant alloy, effectively removing it from service.[25]

Replacement—As more tubes are plugged or sleeved performance is diminished and it may become necessary to replace the steam generator with a new, more corrosion resistant one. The average age of a nuclear steam generator in the United States at the time of replacement has been 14.6 years.[26]

Of the 70 operational nuclear facilities in the United States in 1998 with pressurized water reactors, 22 (or 31 percent) have replaced their original generators. The replacements are concentrated in the older plants. Nearly half of the plants that are now 21 years or older have replaced their nuclear steam generators, while none that are now 10 years or younger have replaced them.[27]

The majority of pressurized water reactors (69 percent) still operate with their original nuclear steam generators.[28] However, 11 of that group have scheduled replacement of 30 generators during 2000–2003.[29] Each plant uses two to four steam generators.

Exhibit 5 gives a frequency distribution of replacements of nuclear steam generators, keyed to the age of the nuclear facility.

Exhibit 6 lists the committed orders for steam generators by U.S. power plants and includes the country of manufacture, year of delivery, power plant site, and number of steam generators.

Price

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[18] In conversation with industry experts; EPRI Steam Generator Reference Book, pages 2.3–2.4

[19] EPRI Steam Generator Reference Book, pages 2.4–2.5

[20] EPRI Steam Generator Reference Book, Appendix B—Plant Design Characteristics

[21] EIA, 1996 Nuclear Capacity Status and Projections, DOE Document

[22] EPRI Steam Generator Reference Book, pages 1.6–1.7

[23] In conversation with industry experts

[24] Lockyer Elizabeth M., "Laser Welding Technology to Put Kewaunee River Plant Back on Line," *Technology News*, December 1996.

[25] NEI, Long Term Nuclear Power Maintenance, September 1999 Revision

[26] EPRI Steam Generator Progress Report, Revision 14, Table 2–1, PwC

[27] EPRI Steam Generator Progress Report, Revision 14, Table 9–1

[28] EPRI Steam Generator Progress Report, Revision 14, Table 9–1

[29] EPRI Steam Generator Progress Report, Revision 14, Table 9–2, and conversations with industry experts

Replacement cost and price.—The average replacement cost of a nuclear steam generator during 1994–1997 (the latest year of full price data, as collected by Electric Power Research Institute) was $38.4 million. Replacement cost includes many costs in addition to the price or fabrication cost of the steam generator itself. As reported to EPRI, replacement cost may include licensing, engineering, installation, storage, and transport, as well as the price of the steam generator. Recently, the price of a nuclear steam generator has been approximately 33 percent of total replacement cost, with some variation.[30]

The average replacement cost of a nuclear steam generator has increased only slightly in nominal value between 1980 ($31.3 million) and 1997 ($35.5 million), with some larger ups and downs in between. Data for part of 1998 suggest that the 1998 average nominal replacement cost might be above the trend line.[31] As prices for capital equipment have generally increased by more than 60 percent since 1980, the replacement cost of nuclear steam generators in 1980 dollars has declined greatly.

Exhibit 7 charts average replacement cost of one nuclear steam generator, in current dollars, from 1980 through 1997.

Tariff to United States—A buyer may be required to pay an import duty to the United States on nuclear steam generators that are manufactured abroad. In general, the tariff rate for 2000 is 5.2 percent, although imports from certain countries are exempt by treaties (including Canada, by virtue of the North American Free Trade Agreement).[32]

Duty is computed by reference to the price of the steam generator and not to the replacement cost discussed above (which includes substantial, *domestically* incurred costs such as installation and engineering). A 5.2-percent duty on the price or fabrication cost of a nuclear steam generator ($12.67 million, or 33 percent of average total replacement cost) is about $660,000. Of the 30 steam generators under committed orders and listed in **Exhibit 6**, all but 4 will be imported and, excepting eight Canadian-made steam generators, 18 apparently will be subject to the 5.2-percent duty.[33]

Fee to designer—Each pressurized water reactor power plant has steam generators that were designed specifically for it. When a utility decides to replace the nuclear steam generators, the replacements must match the original design specifications.[34]

The designs used at the 70 pressurized water reactor power plants in the United States belong to three companies: Westinghouse, ABB Combustion Engineering, and Babcock & Wilcox.[35]

Because a manufacturer has licenses only for certain designs, a customer may have to pay a design royalty fee. For example, the Ansaldo plant in Italy is licensed to build ABB CE System 80 model steam generators but not Babcock & Wilcox models.[36] A utility buying a Babcock & Wilcox model may have to pay a design royalty to Babcock & Wilcox for construction to occur at Ansaldo.

The U.S. Market for Nuclear Steam Generators:

MARKET SUPPLY

Overview of Production

A nuclear steam generator has over 18 subassemblies that need to be planned, specified, and built according to certification standards of the American Society of Mechanical Engineers (ASME). Paperwork documenting that the material usage, design plans, and construction facilities meet AMSE certification must be filed before construction begins.[37] The Nuclear Regulatory Commission also requires specific quality assurance standards that are unique to the nuclear industry.

Assembly at a nuclear steam generator production plant can occur at the rate of four to six items per year. However, the actual rate of output can be as low as two items per year due to backlogs in acquiring components. For example, alloy 690 tubing, a key component in a nuclear steam generator, is produced in only three locations worldwide—Sumitomo (Japan), Valinox (France), and Sandvik (Sweden)—and

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[30] In conversation with industry experts
[31] EPRI Steam Generator Progress Report, Revision 14, Table 9–1
[32] U.S. Harmonized Tariff Code Schedule, Chapter 84, Year 2000 revision
[33] In conversation with industry experts; EPRI Steam Generator Progress Report, Revision 14 Table 9–2; U.S. Harmonized Tariff Code Schedule, Chapter 84, Year 2000 revision
[34] In conversation with industry experts
[35] EPRI Steam Generator Progress Report, Revision 14, Table 2–1
[36] In conversation with industry experts
[37] In conversation with industry experts

lead times may be as much as eighteen months. Or again, integrally forged primary channel head lead times may be in excess of 12 months.[38]

Accounting for all factors, the typical turnaround time from ordering a nuclear steam generator to delivering it is about 32 to 48 months.[39]

Foreign Suppliers

Six companies produce nuclear steam generators outside the United States. They are[40]—

- Ensa (Spain)
- Ansaldo (Italy)
- Babcock & Wilcox (Canada)
- Framatome (France)
- HANJUNG (Korea)
- Mitsubishi (Japan).

In some cases, international consortia own these companies. For example, Ensa is jointly owned by Westinghouse/BNFL and Equipe Nucleares S.A.[41]

No Current U.S. Production

Nuclear steam generators are no longer manufactured in the United States.[42] When nuclear plants were being constructed in the United States, the original steam generators were being manufactured by the reactor suppliers. Combustion Engineering manufactured in Chattanooga, Tennessee; Westinghouse, in Pensacola, Florida; and Babcock & Wilcox in Barberton, Ohio. Combustion Engineering no longer uses its Chattanooga facility for that purpose and has disposed of the manufacturing equipment. Babcock & Wilcox moved its manufacturing operation to Canada.

Westinghouse was the last company to manufacture this product in the United States.[43] Its plant in Pensacola, Florida was closed after shipping its last order in November 1999 to the South Texas Project. The plant equipment has already been sold and moved, including highly specialized equipment purchased by competitors. The plant structure is for sale and could be converted to many uses other than its former use.[44]

The Pensacola plant had been used to make power generation and electric generation systems in addition to nuclear steam generators. Westinghouse had planned to close the plant when it sold its power generation division to Siemens AG and its nuclear division to BNFL LTD. Siemens transferred activities relating to power generation out of the plant. Westinghouse/BNFL found the nuclear steam generator business insufficient to sustain the plant and transferred its production overseas to Ensa.[45]

U.S. Market Entry Highly Unlikely

U.S. market entry—the delivery of a new nuclear steam generator that has been produced in the United States—seems highly unlikely during the next five years. There are several factors:

- The time required to select, design, and construct a manufacturing facility. Preferred sites are large (a facility of about 200,000 square feet is needed to house production and output prior to shipping) and close to water (steam generators, at 500 to 900 tons, are too large to transport by rail and are transported by water). The estimated cost of a new manufacturing facility is $60 million to $80 million.[46]
- The time required for regulatory authorizations. For example, the Nuclear Regulatory Commission requires manufacturers of nuclear power plant components to be certified (the N-Certificate of Authorization) by the American Society of Mechanical Engineers before a plant may operate in the United States.[47] To acquire a new certification takes about one year.[48]

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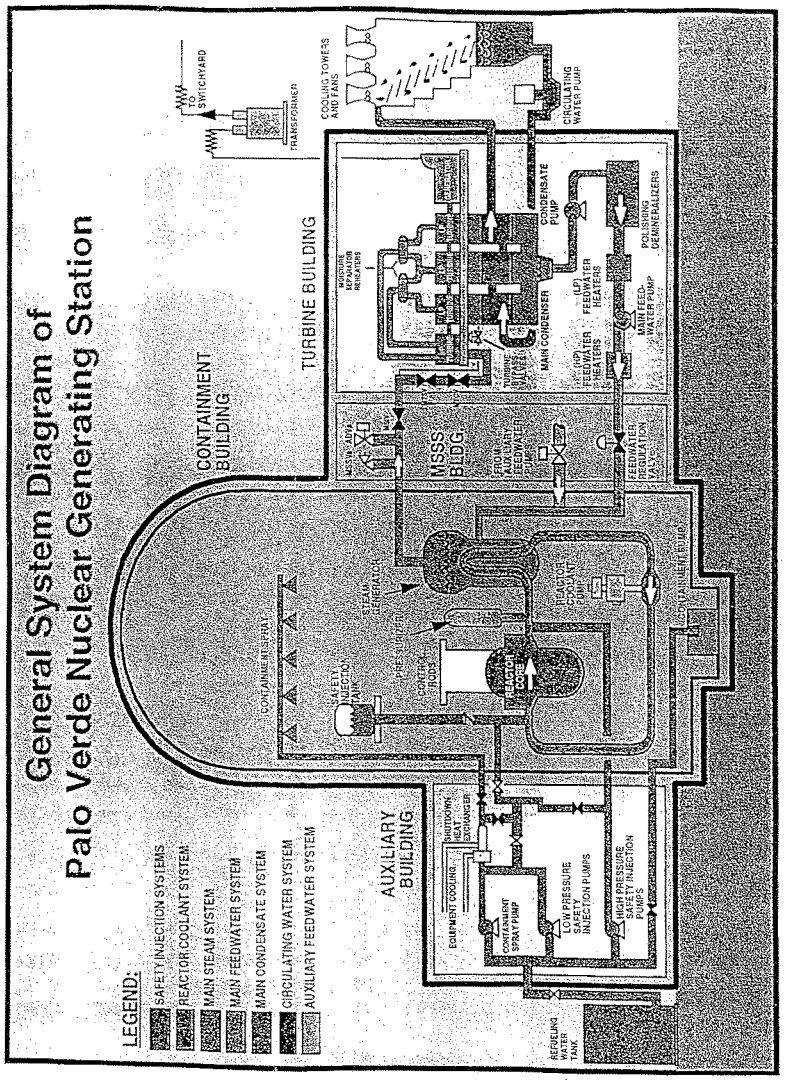
[38] In conversation with industry experts
[39] In conversation with industry experts
[40] In conversation with industry experts
[41] Westinghouse Electric Company, "Steam Generators Shipped to Quinshan II Nuclear Station," Press Release of 3/24/99
[42] In conversation with industry experts
[43] In conversation with industry experts
[44] In conversation with industry experts
[45] In conversation with industry experts
[46] In conversation with industry experts
[47] In conversation with government experts
[48] In conversation with industry experts

• The time required to produce a nuclear steam generator. Even after a manufacturing facility is ready to produce, the construction of all component subassemblies and final fabrication would take 32 to 48 months in the typical case.[49]

• The evident assessment of former U.S. suppliers that production of nuclear steam generators in the United States is not competitive with production elsewhere.[50]

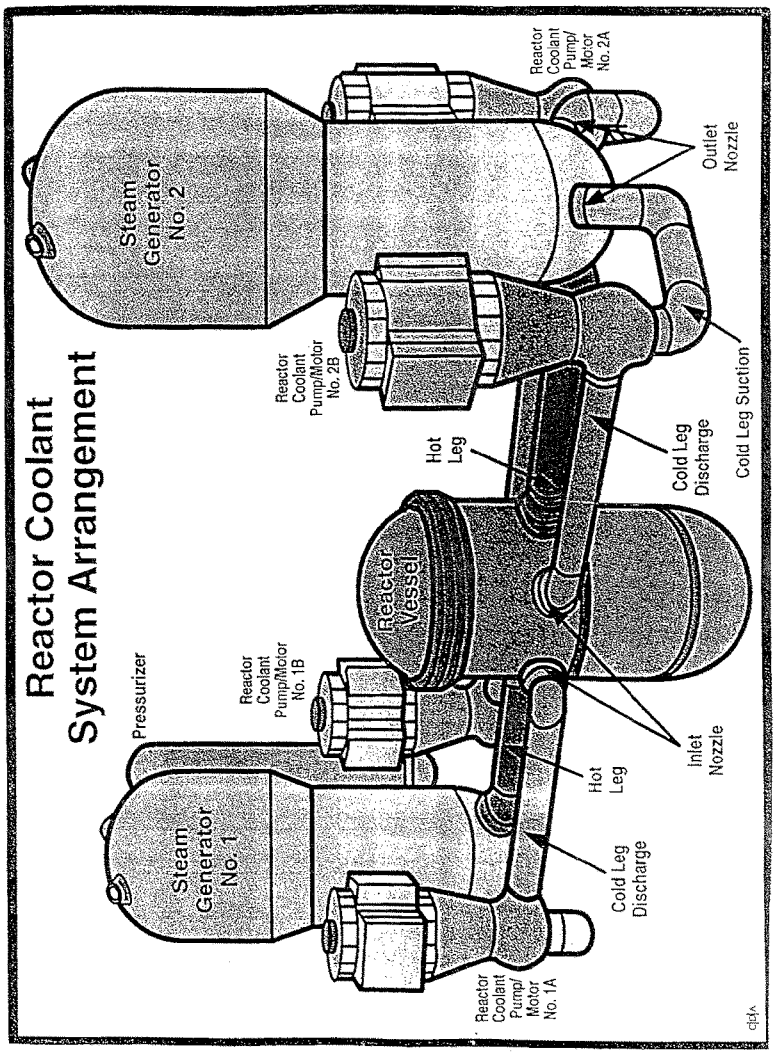
Exhibit 8 illustrates the timetable for the 6-year nuclear steam generator replacement project at Unit 2 of the Palo Verde Nuclear Generating Station located 60 miles west of Phoenix, Arizona.

Exhibit 1



[49] In conversation with industry experts
[50] In conversation with industry experts

Exhibit 2



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In 1998

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Alabama Power	Farley 1	Alabama
	Farley 2	Alabama
Arizona PSC	Palo Verde 1	Arizona
	Palo Verde 2	Arizona
	Palo Verde 3	Arizona
Baltimore G&E	Calvert Cliffs 1	Maryland
	Calvert Cliffs 2	Maryland
Carolina Power	Robinson	S. Carolina
	Shearon Harris	N. Carolina

Exhibit 3—U.S. Pressurized Water Reactor Power Plants—Continued

In 1998

Utility Owner	Power Plant	Location
Commonwealth Edison	Braidwood 1	Illinois
	Braidwood 2	Illinois
	Byron 1	Illinois
	Byron 2	Illinois
Consolidated Edison	Indian Point 2	New York
Consumers Energy	Palisades	Michigan
Duke Power	Catawba 1	Piedmont Carolinas
	Catawba 2	Piedmont Carolinas
	McGuire 1	Piedmont Carolinas
	McGuire 2	Piedmont Carolinas
	Pconee 1	S. Carolina
	Oconee 2	S. Carolina
	Oconee 3	S. Carolina
Duquense	Beaver Valley 1	Pennsylvania
	Beaver Valley 2	Pennsylvania
Entergy	Ano 2	Arkansas
	Ano 1	Arkansas
	Waterford 3	Louisiana
Florida P&L	St Lucie 1	Florida
	St Lucie 2	Florida
	Turkey Point 3	Florida
	Turkey Point 4	Florida
Florida Power Corp	Crystal River 3	Florida
General Public Utilities	TMI 1	Pennsylvania
Georgia Power Co.	Vogtle 1	Georgia
	Vogtle 2	Georgia
Houston Light and Power	South Texas Proj 1	Texas
	South Texas Proj 2	Texas
Indiana Michigan Power Company	Cook 1	Michigan
	Cook 2	Michigan
Maine Yankee AP	Maine Yankee	Maine
New York Power Authority	Indian Point 3	New York
Northeast Utilities	Millstone 2	Connecticut
	Millstone 3	Connecticut
Northern States	Prairie Island 1	Minnesota
	Prairie Island 2	Minnesota
Omaha PPD	Fort Calhoun	Nebraska
PG&E	Diablo Canyon 1	California
	Diablo Canyon 2	California
Public Service Electric	Salem 1	New Jersey
	Salem 2	New Jersey
Public Service of New Hampshire	Seabrook	New Hampshire
Rochester G&E	Ginna	New York
South Carolina E&G	Summer	S. Carolina
Southern California Edison	San Onofre 2	California
	San Onofre 3	California
Texas Utilities Electric	Comanche Peak 1	Texas
	Comanche Peak 2	Texas
Toledo Edison	Davis Besse	Ohio
Tennessee Valley Authority	Sequoyah 1	Tennessee
	Sequoyah 2	Tennessee
	Watts Bar 1	Tennessee
Union Electric	Callaway	Missouri
Virginia Power	North Anna 1	Virginia
	North Anna 2	Virginia
	Surry 1	Virginia
	Surry 2	Virginia
Wisconsin Electric Power	Point Beach 1	Wisconsin
	Point Beach 2	Wisconsin
Wisconsin Public Service	Kewaunee	Wisconsin

Exhibit 3—U.S. Pressurized Water Reactor Power Plants—Continued

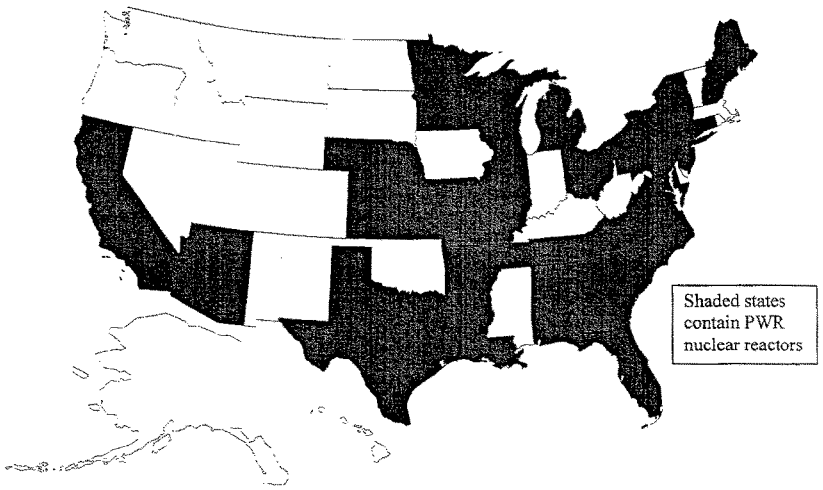
In 1998

Utility Owner	Power Plant	Location
Wolf Creek NOC	Wolf Creek	Kansas

AAAAAAAAAASource: EPRI Steam Generator Progress Report Table 2–1; EPRI Steam Generator Reference Book, Appendix B—Plant Design Characteristics

Note: Maine Yankee has since shut down.

Exhibit 4 - Location of U.S. Pressurized Water Reactors in 1998



Source: EPRI Steam Generator Reference Book, Appendix B – Plant Design Characteristics

Exhibit 5—Replacement of Nuclear Steam Generators

Age Category	Number of Power Plants	Number of Plants with Replaced Steam Generators	Percentage with Replacements
5 –	1	0	0.0
6 to 10	3	0	0.0
11 to 15	21	3	14.3
16–20	12	4	33.3
21–25	13	6	46.2
26 +	20	9	45.0
Total	70	22	31.4

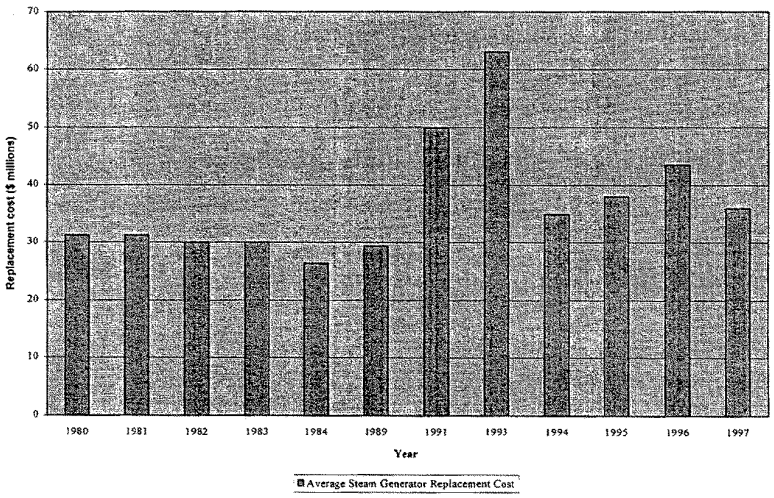
AAAASource: EPRI Steam Generator Progress Report, Tables 2–1 and 9–1

Exhibit 6—Committed Orders For Steam Generators by U.S. Power Plants

Power Plant Name	Country of Manufacture	Year of Delivery	Power Plant State	Number of Generators Purchased
Ano 2	Spain	2000	Arkansas	2
Farley 1	Spain	2000	Alabama	3
Kewaunee	Italy	2000	Wisconsin.	
Shearon Harris		2000	North Carolina	2
South Texas Project	USA	2000	Texas	4
Cook 1	Canada	2001	Michigan	4
Farley 2	Spain	2001	Alabama	3
Sequoyah 1	South Korea	2002	Tennessee	4
Palo Verde 2	Italy	2002	Arizona	2
Calvert Cliffs 1	Canada	2002	Maryland	2
Calvert Cliffs 2	Canada	2002	Maryland	2

AAAASource: EPRI, Steam Generator Progress Report, Revision 14, and conversations with industry experts

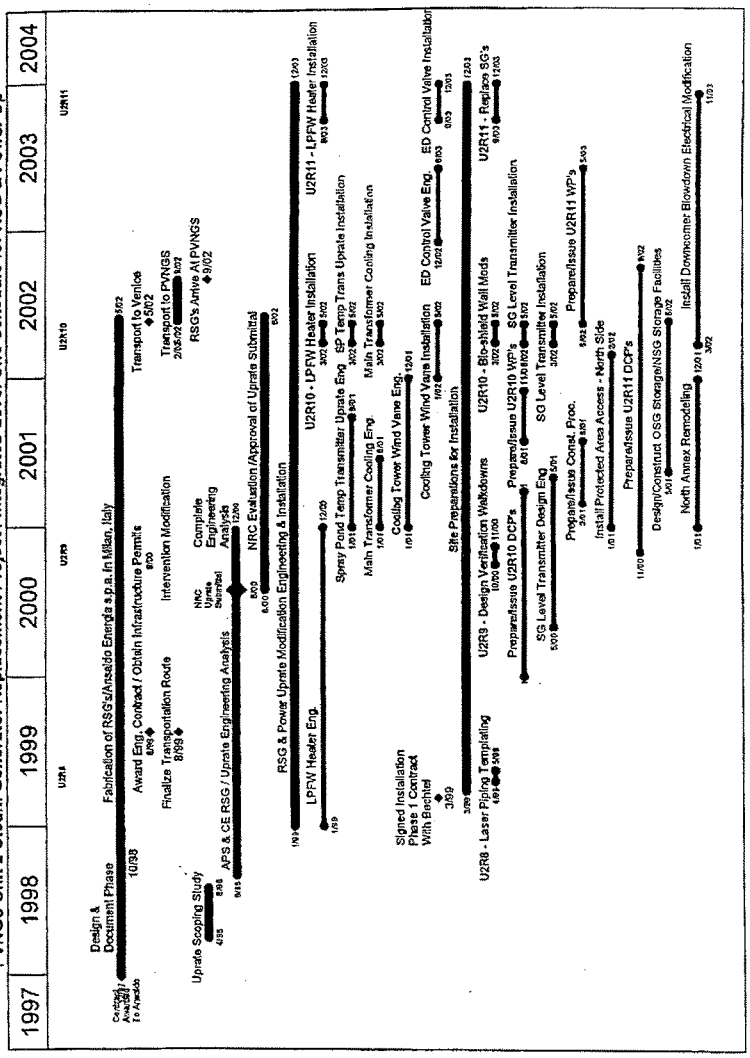
Exhibit 7—Average Replacement Cost of a Nuclear Steam Generator



Note: Replacement cost includes the price of a steam generator (about 33 percent of replacement cost) plus installation costs, engineering, licensing, and other costs related to replacement.

Source: EPRI Steam Generator Progress Report, Table 9–1.

Exhibit 8


PVNGS Unit 2 Steam Generator Replacement Project / Integrated Level One Schedule for RSG & Power Up
1997
1998
1999
2000
2001
2002
2003
2004
U2R9
U2R10
U2R11
Design & Document Phase
10/98
Fabrication of RSG's/Ansaldo Energia s.p.a. in Milan, Italy
Award Eng. Contract / Obtain Infrastructure Permits
Finalize Transportation Route
8/99
Intervention Modification
Transport to Venice
Transport to PVNGS
RSG's Arrive At PVNGS
8/02
Uprate Scoping Study
APS & CE RSG / Uprate Engineering Analysis
NRC Licensing Submittal
Complete Engineering Analysis
RSG & Power Uprate Modification Engineering & Installation
NRC Evaluation/Approval of Uprate Submittal
LPFW Heater Eng.
U2R10 - LPFW Heater Installation
U2R11 - LPFW Heater Installation
Spray Pond Temp Transmitter Uprate Eng
SP Temp Trans Uprate Installation
Main Transformer Cooling Eng.
Main Transformer Cooling Installation
Cooling Tower Wind Vane Eng.
Signed Installation Phase 1 Contract With Bechtel
3/99
Cooling Tower Wind Vane Installation
ED Control Valve Eng.
ED Control Valve Installation
Site Preparations for Installation
U2R8 - Laser Piping Templating
U2R9 - Design Verification Walkdowns
U2R10 - Bio-shield Wall Mods
U2R11 - Replace SG's
Prepare/Issue U2R10 DCP's
Prepare/Issue U2R10 WP's
SG Level Transmitter Installation
SG Level Transmitter Design Eng
SG Level Transmitter Installation
Prepare/Issue Const. Proc.
Prepare/Issue U2R11 WP's
Install Protected Area Access - North Side
Prepare/Issue U2R11 DCP's
Design/Construct OSG Storage/NSG Storage Facilities
North Annex Remodeling
Install Downcomer Blowdown Electrical Modification

H.R. 3876

To suspend temporarily the duty on Baytron P.

BAYER CORPORATION, U.S.A.
PITTSBURGH, PA 15205–9741
May 1, 2000

Mr. A. L. Singleton
Chief of Staff
House Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Subject: H.R. 3876 A bill to suspend temporarily the duty on Baytron P

Dear Mr. Singleton:

Bayer Corporation is a research-based company with major businesses in health care and life sciences and chemicals. The company had 1999 sales of $8.9 billion and employs more than 22,200 people throughout the United States and is headquartered in Pittsburgh, Pennsylvania. Bayer Corporation is a member of the worldwide Bayer Group, a $29 billion international life sciences, polymers and specialty chemicals group based in Leverkusen with 120,400 employees worldwide.

Bayer Corporation is a regular importer of Baytron P. Bayer's Logistics Division, with major import operations at Pittsburgh, Pennsylvania and Bayer warehousing in Calumet City, IL as well as Bayer's customers in Janesville, WI, Corpus Christi, TX, Chicago, IL, and Tampa, FL would benefit from tariff suspension on Baytron P. Baytron P is a very specialized aqueous dispersion of an environmentally friendly, conductive polymeric material occupying less than 1% of the electronics industry.

United States compounders seeking to reach new performance levels economically will reap economic benefits from duty reduction of this product. Baytron P has an advantage for the U.S. industry because of its unique electrostatic and anti-static properties. This product is not produced in the United States, and is extremely helpful to the U.S. industry in competing with imported goods from the Asian market. There are a wide variety of applications of Baytron P from coating glass to organic light emitting diodes.

We hope this supplemental information is useful in the House Ways and Means Committee deliberations regarding the tariff suspension for Baytron P, proposed in H.R. 3876. Please do not hesitate to contact me at Tel: 412–777–5616 with any questions. In the event that I am unavailable, Julie Van Egmond in our Washington office (Tel.: 202–756–3773) or Karen L. Niedermeyer at our Pittsburgh location (Tel: 412–777–2058) could be of assistance.

Sincerely,

STEPHEN R. JOHNSEN

H.R. 3877

To suspend temporarily the duty on dimethyl dicarbonate.

BAYER CORPORATION, U.S.A.
PITTSBURGH, PA 15205–9741
May 1, 2000

Mr. A. L. Singleton
Chief of Staff
House Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Subject: H.R. 3877 A bill to suspend temporarily the duty on Dimethyl Dicarbonate (DMDC)

Dear Mr. Singleton:

Bayer Corporation is a research-based company with major businesses in healthcare, life sciences and chemicals. The company had 1999 sales of $8.9 billion and employs more than 22,200 people throughout the United States and is headquartered in Pittsburgh, Pennsylvania. Bayer Corporation is a member of the worldwide Bayer Group, a $29 billion international life sciences, polymers and specialty chemicals group based in Leverkusen with 120,400 employees worldwide.

Bayer Corporation is a regular importer of Dimethyl Dicarbonate (DMDC). Bayer's Industrial Chemicals Division, with major import operations in Pittsburgh, Pennsylvania and Bayer customers in Petaluma, California would benefit from tariff suspension on DMDC. After sufficient market growth, construction of a manufacturing unit in the United States is anticipated and depends on sufficient U.S. market growth. Duty reduction in the U.S. will also greatly assist U.S. manufacturers in becoming more innovative and more competitive in certain parts of the beverage industry.

Dimethyl Dicarbonate (DMDC) is an FDA regulated secondary food additive used as a cold beverage sterilant highly effective in low dosages against a variety of yeast, some mold fungi and bacteria in alcoholic wine, low alcohol and dealcoholized wines, ready-to-drink tea, sport drinks and juice sparklers. A food additive petition is underway with the FDA for registration of non-carbonated juice beverages containing up to and including 100% juice. This will enable the industry to address spoilage of juices due to yeast contamination and is also effective against E. coli that has had known occurrences within the market segment. This product is not produced in the United States, and is extremely helpful to the beverage industry because it is non-persistent. It does not affect the taste, bouquet or color of the beverage. DMDC even provides the user with the option to reduce or in some cases, even eliminate the need for chemical preservatives. It has been shown to control human pathogens like E.coli H0157, a common food spoiling bacteria. Bayer AG is the only producer of this type of DMDC (Velcorin) with this unique balance of properties. It is highly desirable in the U.S. to avoid excessive filtration in the manufacturing process that negatively impacts the taste of wine. The fact that DMDC even provides the user with the option to reduce or in some cases, even eliminate the need for chemical preservatives and also eliminate important human pathogens will, in the future, allow for use in other beverages like fruit juices and soft drinks to prevent spoilage.

We hope this supplemental information is useful in the House Ways and Means Committee deliberations regarding the tariff suspension for Dimethyl Dicarbonate, proposed in H.R. 3877. Please do not hesitate to contact me at 412/777–2058 with any questions. In the event that I am unavailable, Julie Van Egmond in our Washington office (Ph. 202–756–3773) or Stephen Johnsen at our Pittsburgh location (Ph. 412/777–5616) could be of assistance.

Sincerely,

KAREN L. NIEDERMEYER

H.R. 3930

To suspend temporarily the duty on KN001 (a hydrochloride).

NO COMMENTS SUBMITTED.

H.R. 3931

To suspend temporarily the duty on Methyl thioglycolate.

NO COMMENTS SUBMITTED.

H.R. 3932

To suspend temporarily the duty on KL540.

NO COMMENTS SUBMITTED.

H.R. 3933

To suspend temporarily the duty on DPC 083.

NO COMMENTS SUBMITTED.

H.R. 3934

To suspend temporarily the duty on DPC 961.

NO COMMENTS SUBMITTED.

H.R. 3935

To suspend temporarily the duty on Pro-Jet Magenta 364 Stage.

NO COMMENTS SUBMITTED.

H.R. 3936

To suspend temporarily the duty on Pro-Jet Black 263 Stage.

NO COMMENTS SUBMITTED.

H.R. 3937

To supend temporarily the duty on Pigment Yellow 184.

see SunChemical Corporation under H.R. 3739

H.R. 3938

To suspend temporarily the duty on Pro-Jet Yellow 1 Stage.

NO COMMENTS SUBMITTED.

H.R. 3939

To suspend temporarily the duty on Pigment Orange 73.

see SunChemical Corporation under H.R. 3739

H.R. 3940

To suspend temporarily the duty on Direct Black 19 Press Paste.

NO COMMENTS SUBMITTED.

H.R. 3941

To suspend temporarily the duty on Pro-Jet Black HSAQ Stage.

NO COMMENTS SUBMITTED.

H.R. 3942

To suspend temporarily the duty on Pro-Jet Fast Black 286 Paste.

NO COMMENTS SUBMITTED.

H.R. 3943

To suspend temporarily the duty on Pro-Jet Yellow 1G Stage.

NO COMMENTS SUBMITTED.

H.R. 3944

To suspend temporarily the duty on Pigment Red 255.

see SunChemical Corporation under H.R. 3739

H.R. 3945

To suspend temporarily the duty on Pro-Jet Cyan 1 Press Paste.

NO COMMENTS SUBMITTED.

H.R. 3946

To suspend temporarily the duty on Pro-Jet Black Alc Powder.

NO COMMENTS SUBMITTED.

H.R. 3947

To suspend temporarily the duty on Solvent Yellow 163.

HOGAN & HARTSON
WASHINGTON, DC 200004–1109
May 22, 2000

A.L. Singleton
Chief of Staff
House Ways and Means Committee
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 205155–6354

Re: Technical Corrections to U.S. Trade Laws and Miscellaneous Duty Suspension Bill -Opposition to the Adoption of H.R. 3947

Dear Mr. Singleton:

On behalf of ColorChem International Corp. ("ColorChem"), we hereby request that the Committee decline to adopt H.R. 3947. For the reasons articulated below, adopting H.R. 3947 would severely and adversely impact ColorChem, the only remaining U.S. producer of Solvent Yellow 163.

As illustrated in the *Colour Index International*, a listing of chemical producers published by the Society of Dyers and Colourists in conjunction with the American Association of Textile Chemists and Colorists ("AATCC"), ColorChem is the sole remaining U.S. producer of Solvent Yellow 163.[1] Solvent yellow 163 is a dyestuff that is used to color engineering plastics, such as ABS, polycarbonate and acrylic.

Since 1997 ColorChem has become increasingly concerned that import surges soon would overwhelm one of the few remaining U.S. producers of chemical dyes. In each of the past three years, the U.S. market price for Solvent Yellow 163 has declined by ten percent. This severe price deflation threatens ColorChem's workforce, comprised primarily of highly trained U.S. chemical engineers/ technicians/ operators. The immediate tariff elimination proposed in H.R. 3947 necessarily would lead to further—perhaps devastating—price declines. This, in turn, would undoubtedly lead to the loss of U.S. value-added jobs and have a detrimental impact on one of the few remaining U.S. producers of solvent dyes.

A key factor that makes ColorChem—which represents the entirety of the U.S. domestic Solvent Yellow 163 industry—so vulnerable to import surges and price declines is ColorChem's cost of complying with U.S. environmental regulation, including the increased costs associated with the Clean Water Act. Without the current duties on Solvent Yellow 163, ColorChem could not profitably produce and sell this

[1] *See also* the *Modern Plastics Encyclopedia*, published by McGraw Hill as a supplement to *Modern Plastics*.

product at the resulting market price. Thus, if H.R. 3947 were adopted and the duties on Solvent Yellow 163 were eliminated, ColorChem would have to consider discontinuing production of this product. Because Solvent Yellow 163 is one of ColorChem's most important products, the elimination of tariffs on this product would have severe consequences on the company as a whole.

Significantly, the primary beneficiaries of the proposed tariff reduction would be solvent dyes producers in India and the People's Republic of China (the "PRC"). In both countries, production of solvent dyes, including Solvent Yellow 163, requires compliance with only minimal worker safety and environmental standards. Moreover, the PRC subsidizes the production of solvent dyes through export credits. The current tariffs on Solvent Yellow 163 mitigate these unfair trade advantages and allow ColorChem to compete on a level playing field. Without these tariffs, ColorChem would be forced to try to compete in an unfair trade environment.

The loss of Solvent Yellow 163 production in the U.S. would also have a detrimental impact of U.S. exports. Currently, ColorChem is exporting Solvent Yellow 163 to the EC. This business has grown significantly within the last twelve months due to Color Chem's superior product and supply. ColorChem expects this export market to grow in the EC and even in the Far East However, the economics of dye production are such that the price per unit declines with larger volumes. Should Color Chem lose a significant portion of its domestic business because the duty was suspended, the cost per unit would increase, making Color Chem uncompetitive in foreign markets.

In light of the foregoing, ColorChem respectfully requests that the Committee decline to adopt H.R. 3947. Please contact the undersigned if there are questions regarding this matter.

Respectfully submitted,

T. CLARK WEYMOUTH
1Daniel J. Cannistra
Counsel for ColorChem International Corp.

ccs: The Honorable Philip M. Crane (U.S. House of Representatives)
The Honorable Johnny Isakson (U.S. House of Representatives)
Vincent Kamenicky (U.S. Department of Commerce)
John Gersick (U.S. International trade Commission)
Steven Printz (ColorChem International Corp.)

H.R. 3948

To suspend temporarily the duty on Pro-Jet Fast Yellow 2 RO Feed.

NO COMMENTS SUBMITTED.

H.R. 3949

To suspend temporarily the duty on Solvent Yellow 145.

NO COMMENTS SUBMITTED.

H.R. 3950

To suspend temporarily the duty on Pro-Jet Fast Magenta 2 RO Feed.

NO COMMENTS SUBMITTED.

H.R. 3951

To suspend temporarily the duty on Pigment Red 264.

see SunChemical Corporation under H.R. 3739

H.R. 3952

To suspend temporarily the duty on Pro-Jet Fast Cyan 2 Stage.

NO COMMENTS SUBMITTED.

H.R. 3953

To suspend temporarily the duty on Pro-Jet Cyan 485 Stage.

NO COMMENTS SUBMITTED.

H.R. 3954

To suspend temporarily the duty on triflusulfuron methyl formulated product.

NO COMMENTS SUBMITTED.

H.R. 3955

To suspend temporarily the duty on Pro-Jet Fast Cyan 3 Stage.

NO COMMENTS SUBMITTED.

H.R. 3956

To reduce temporarily the duty on Pro-Jet Cyan 1 RO Feed.

NO COMMENTS SUBMITTED.

H.R. 3957

To reduce temporarily the duty on Pro-Jet Fast Black 287 NA Paste/Liquid Feed.

NO COMMENTS SUBMITTED.

H.R. 3958

To suspend temporarily the duty on Pigment Yellow 168.

see SunChemical Corporation under H.R. 3739

H.R. 3959

To suspend temporarily the duty on 4-(Cyclopropyl- - hy-droxy-methylene)-3,5-dioxo-cyclohexanecarboxylic acid ethyl ester.

NO COMMENTS SUBMITTED.

H.R. 3960

To suspend temporarily the duty on 8- -oxo-emamectin benzoate desmethylemamectin benzoate emamectin benzoate methanol adduct 2-epl-emamectin benzoate emamectin benzoate isomer, 4-epl- -2,3-emamectin benzoate dihydroemamectin benzoate.

NO COMMENTS SUBMITTED.

H.R. 3961

To suspend temporarily the duty on propanoic acid, 2-[4-[(5-chloro-3-fluoro-2-pyridinyl)oxy]-phenoxy]-2- propynyl ester.

NO COMMENTS SUBMITTED.

H.R. 3962

To suspend temporarily the duty on certain end-use products containing benzenesulfonamide, 2-(2-chloroethoxy)N-[[4methoxy-6methyl-1,3,5-triazin-2-yl) amino]carbonyl]-and 3,6-dichloro-2-methoxybenzoic acid.

NO COMMENTS SUBMITTED.

H.R. 3963

To suspend temporarily the duty on benzeneacetic acid, (E,E)- -(-(methoxyimino)-2[[[[1-[3-trifluoromethyl) phenyl] ethylidene]amino]oxy]methyl]-, methyl ester.

NO COMMENTS SUBMITTED.

H.R. 3964

To suspend temporarily the duty on 3-[4,6-Bis(difluoromethoxy)-pyrimidin-2-yl]-1-(2- methoxycar-bonyl-phenylsulfonyl) urea.

NO COMMENTS SUBMITTED.

H.R. 3965

To suspend temporarily the duty on 5-dipropylamino-,, -trifluoro-4,6-dinitro-o-toluidine.

NO COMMENTS SUBMITTED.

H.R. 3966

To suspend temporarily the duty on sulfur.

NO COMMENTS SUBMITTED.

H.R. 3967

To suspend temporarily the duty on end use products containing 3-(6-methoxy-4-methyl-1,3,5-triazin-2-yl)-1-[2-(2- chloro-ethoxy)-phenylsulfonyl]-urea.

NO COMMENTS SUBMITTED.

H.R. 3968

To suspend temporarily the duty on 4-cyclopropyl-6-methyl-N-phenyl-2-pyrimidinamine-4-(2,2- difluoro-1,3-benzodioxol-4-yl)-1H-pyrrole-3-carbonitrile.

NO COMMENTS SUBMITTED.

H.R. 3969

To suspend temporarily the duty on pigment blue 60.

NO COMMENTS SUBMITTED.

H.R. 3970

To suspend temporarily the duty on (R)-2-[2,6-dimethylphenyl)-methoxyacetyl-amino]-propionic acid methyl ester propanoic acid, 2-[4-[(5-chloro-3-fluoro-2-pyridinyl)oxy]-phenoxy]-2-propynl ester.

NO COMMENTS SUBMITTED.

H.R. 3971

To suspend temporarily the duty on certain end-use products containing benzothialdiazole-7-carbothioic acid S-methyl ester.

NO COMMENTS SUBMITTED.

H.R. 3972

To suspend temporarily the duty on benzothialdiazole-7-carbothioic acid S-methyl ester.

NO COMMENTS SUBMITTED.

H.R. 3973

To suspend temporarily the duty on O-(4-Bromo-2-chlorophenyl)-O-ethyl-S-propyl phosphorothioate.

NO COMMENTS SUBMITTED.

H.R. 3974

To suspend temporarily the duty on 1-[[2-(2,4-dichlorophenyl)-4-propyl-1,3-dioxolan-2-yl] methyl]-1H-1,2,4-triazole.

NO COMMENTS SUBMITTED.

H.R. 3975

To suspend temporarily the duty on tetrahydro-3-methyl-N-nitro-5[[2-phenylthio)-5-thiazolyl]-4 -H-1,3,5-oxadiazin-4-imine.

NO COMMENTS SUBMITTED.

H.R. 3976

To suspend temporarily the duty on 1-(4-methoxy-6-methyl-triazin-2-yl)-3-[2-(3,3,3-trifluoropropyl)-phenylsulfonyl]-urea.

NO COMMENTS SUBMITTED.

H.R. 3977

To suspend temporarily the duty on 1,2,4-Triazin-3(2H)one,4,5-dihydro-6-methyl-4-[(3-pyridinyl methylene)amino].

NO COMMENTS SUBMITTED.

H.R. 3978

To suspend temporarily the duty on 4-(2,2-difluoro-1,3-benzodioxol-4-yl)-1H-pyrrole-3- carbonitrile

NO COMMENTS SUBMITTED.

H.R. 3979

To suspend temporarily the duty on 3-(6-methoxy-4-methyl-1,3,5-triazin-2-yl)-1-[2-(2- chloro-ethoxy)- phenylsulfonyl]-urea-3,6-dichloro-2-methoxybenzoic acid.

NO COMMENTS SUBMITTED.

H.R. 3988

To extend the temporary suspension of duty on Carbamic Acid (V-9069).

NO COMMENTS SUBMITTED.

H.R. 3989

To suspend temporarily the duty on nicosulfuron formulated product ("Accent").

NO COMMENTS SUBMITTED.

H.R. 3990

To extend the temporary suspension of duty on Rimsulfuron.

NO COMMENTS SUBMITTED.

H.R. 3991

To extend the temporary suspension of duty on DPX–E9260.

NO COMMENTS SUBMITTED.

H.R. 3992

To extend the temporary suspension of duty on DPX–E6758.

NO COMMENTS SUBMITTED.

H.R. 4026

To amend the Harmonized Tariff Schedule of the United States to provide duty-free treatment for certain foodstuffs originating in NAFTA countries.

INTERNATIONAL DAIRY FOODS ASSOCIATION
WASHINGTON, DC 20005
May 19, 2000

Mr. A. L. Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Subject: Miscellaneous tariff bill H.R. 4026

Dear Mr. Singleton:

These comments are filed on behalf of the International Dairy Foods Association (IDFA), and its constituent organizations, the Milk Industry Foundation, National Cheese Institute, and International Ice Cream Association. Together these organizations represent dairy processors, manufacturers, marketers and distributors of dairy foods and their suppliers. Our members' products account for 85% of the milk, yogurt, cheese, ice cream, and other dairy products sold in the United States and Canada, and are also exported to a wide range of foreign markets.

We wish to comment on H.R. 4026, a tariff elimination bill introduced by Representative Shaw, that would provide duty-free treatment for certain foodstuffs originating in NAFTA countries. The bill, as we understand it, would provide for duty-free and quota-free treatment of certain foodstuffs originating in NAFTA countries, provided they are consistent with four specific conditions set forth in the bill. Two of these four conditions relate to tariff schedule provisions on dairy products.

We support the general concept of the bill, however we believe it is too narrow in scope. We urge the Subcommittee to broaden the scope of the bill to allow for duty-free and quota-free entry of a broader range of dairy-containing food products within NAFTA.

Recent changes in the structure of the food industry have resulted in more cross-border business relationships. Companies, including dairy foods companies, increasingly have plants and investments in more than one country, especially within North America. Allowing duty-free and quota-free trade in dairy ingredients and dairy products across the borders of the United States, Canada, and Mexico will enable our dairy processors and manufacturers to rationalize their product lines and business operations in a more cost-efficient and consumer-oriented manner.

IDFA supports a broader program that would promote more efficient use of dairy ingredients within the NAFTA region, by allowing for two-way duty-free, quota-free trade across the border IDFA Comments on H.R. 4026 for dairy ingredients and dairy products re-exported within the NAFTA market. This would include providing duty-free, quota-free treatment to any milk or dairy ingredient (the component) that is exported from one NAFTA country to another NAFTA country for further processing or use in manufacture, and also duty-free, quota-free treatment for the dairy-containing processed or manufactured product that is re-exported back to the country of origin of the milk or dairy ingredient. As currently drafted, H.R. 4026 only affects the tariff and tariff-rate quota treatment of the processed food as it is returned to the United States.

We would like to see implementation of consistent rules among the NAFTA countries (including Canada and Mexico) that provide for duty-free and quota-free treatment of both the dairy ingredients imported by processors and manufacturers, as

well as duty-free and quota-free treatment of the processed or manufactured product that contains dairy and is re-exported to another NAFTA country. We would be willing to work with the Subcommittee and the Administration as well as our industry counterparts in Canada and Mexico to take any steps necessary to achieve such a NAFTA-wide regime.

With respect to the particular approach of H.R. 4026, we question the need for the third pre-condition for duty-free treatment set forth in the bill, that excludes processing or manufacturing operations that change the tariff classification of the good to be returned to the United States. This condition will limit the opportunities for U.S. suppliers of milk and dairy ingredients to ship to dairy processors and manufacturers in Canada and Mexico, and have the processed product return to the U.S. market duty-free. As currently drafted, H.R. 4026 would only allow duty-free treatment to be extended to dairy products that receive minimal processing or value-added steps. Fluid milk must be returned as fluid milk; milk powder must be returned as milk powder; cheese must be returned as cheese. The bill would not apply, for example, to U.S. milk powder exported for processing into cheese or yogurt, or for U.S. anhydrous milk fat exported for use in processed cheese. We believe the heading restrictions contained in the bill's third condition are unduly restrictive, and urge that they be dropped. As long as the dairy ingredient is of U.S. origin, there should be duty-free and quota-free eligibility of the food product returned to the United States. Such an approach would encourage greater use of U.S.-origin dairy ingredients and greater efficiency gains for value-added processing operations within the NAFTA region.

This tariff bill is a step in the right direction, but only a limited step. We are anxious to work with the Subcommittee to build on the elements of this bill to produce a more effective mechanism for dairy processors and manufacturers to increase efficiency, sales and jobs. Thank you for the opportunity to comment.

Respectfully submitted,

JANET A. NUZUM
Vice President and General Counsel

H.R. 4223

To reduce temporarily the duty on Fipronil Technical.

NO COMMENTS SUBMITTED.

H.R. 4229

To amend the Harmonized Tariff Schedule of the United States to correct the definition of certain hand-woven wool fabrics.

see American Apparel Manufacturers under H.R. 3704

H.R. 4337

To amend the customs laws of the United States relating to procedures with respect to the importation of merchandise.

see American Apparel Manufacturers under H.R. 3704

ALLIANCE OF AUTOMOBILE MANUFACTURERS
WASHINGTON, DC 20005
May 17, 2000

The Honorable Philip M. Crane
Chairman, Subcommittee on Trade
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Re: H.R. 4337

Dear Mr. Chairman:

The Alliance of Automobile Manufacturers—BMW, DaimlerChrysler, Fiat, Ford Motor Company, General Motors, Isuzu, Mazda, Mitsubishi Motors, Nissan, Porsche, Toyota, Volkswagen, and Volvo—supports the enactment of H.R. 4337, a bill "To amend the customs laws of the United States relating to procedures with respect to the importation of merchandise." In our view, the bill contains non-controversial technical amendments to the customs laws.

The enactment of H.R. 4337 would further the 1993 Congressional mandate to the United States Customs Service contained in Title VI—Customs Modernization—of the North American Free Trade Agreement, Public Law 103–182 ("the Mod Act"), to streamline and automate its commercial operations. Subtitle B of that Title, "National Customs Automation Programs" ("NCAP"), contained far-reaching provisions authorizing Customs to implement periodic reporting of importations, periodic payment of duties, fees and taxes, remote entry filing, and reconciliation of import data. Each of these new procedures was designed to supplant the entry-by-entry approach to import reporting and duty collection with a more business-like, account-based approach.

It has been seven years since the Mod Act became law and still these programs have yet to be implemented fully. While limited tests of two of the concepts, reconciliation and remote entry filing, have been conducted, minimal effort has been devoted to developing and testing the concepts of periodic reporting of import data or periodic payment of duties, fees and taxes. Implementation of these programs has been retarded, in part, by Customs' lack of funds to replace its antiquated processes and systems, and in part by its interpretation of the law. In the few instances where Customs has created prototypes, they are so narrow in scope that any information gathered from them will have limited utility. Thus, the promises to the importing community of automated, account-based processing, contained in the Mod Act, simply have not been fulfilled.

H.R. 4337 does not make major, substantive changes to the customs law. It would, however, if enacted, eliminate doubt about what the Congress intended when it authorized NCAP in 1993.

- It would make clear that minimal information is required when goods enter the country, yet sufficient to permit Customs to decide whether the goods are admissible into the country. However, it would not allow Customs to misuse its control over goods entering the country as a tool to enforce laws and regulations unrelated to the admissibility of the goods, and thereby delay delivery of shipments.
- It would specify the data elements to be reported monthly in the Import Activity Summary Statement, eliminating any question about the type and breadth of the information to be submitted to Customs periodically, and would permit the Import Activity Summary Statement to be transmitted from remote locations.
- It would reauthorize the mid-point interest method for use with a reconciliation entry. Use of this method for calculating interest on underpayments is essential to the reconciliation program.
- It would eliminate the "flagging" of individual entries in order to correct information through a reconciliation entry. When the Import Activity Summary Statement is implemented there should be no need to identify or "flag" individual entries.
- It would authorize netting and offsetting of underpayments and overpayments. In conducting compliance audits of importers, Customs has taken the position that if an entry has been liquidated and the liquidation is final, it lacks authority to refund overpayments or offset overpayments against underpayments, but it asserts the authority of 19 U.S.C. § 1592(d) to collect underpayments. This one-sided approach is fundamentally unfair, and would be remedied by this provision.

Enactment of these and the other provisions of H.R. 4337 would expedite the shift, commenced by the Congress in 1993, to modern account-based import processing and would clarify many of the concepts introduced in the Mod Act. At that time, Alliance members were at the forefront of companies that developed these concepts and worked with Customs and the Congress to refine them and have them incorporated into the law. The changes in Customs policy and procedures that have occurred since then, particularly Customs growing reliance on post-importation compliance assessments, require implementation of full, account-based procedures.

We respectfully request that you schedule a hearing on this bill as soon as it is feasible and report it favorably to the full Committee and then to the House of Representatives. When the Trade Subcommittee holds hearings on the bill, the Alliance would be pleased to have the opportunity to testify in support of its enactment.

Sincerely,

JOSEPHINE S. COOPER
President and Chief Executive Officer

Statement of the American Association of Exporters and Importers (AAEI), New York, New York

COMMENTS ON TECHNICAL CORRECTIONS TO U.S. TRADE LAWS AND MISCELLANEOUS DUTY SUSPENSION BILLS

The American Association of Exporters and Importers (AAEI) is a national organization of over 1000 members who export, import, distribute and manufacture a complete spectrum of products, including chemicals, electronics, machinery, footwear, autos/parts, food, household consumer goods, toys, specialty items, textiles and apparel. The AAEI membership also comprises firms that serve the international trade community, including customs brokers, freight forwarders, banks, attorneys, insurance firms and carriers. AAEI members conduct operations in all fifty states, employing millions of U.S. workers. Together, AAEI companies account for a large majority of non-military, commercial U.S. trade.

AAEI is pleased to respond to Chairman Crane's April 20, 2000, Advisory, requesting comments on Technical Corrections to U.S. Trade Laws and Miscellaneous Duty Suspension Bills.

As the largest association concentrating on policies and practices of the U.S. Customs Service, AAEI urges this Committee to include H.R. 4337 in its miscellaneous trade bill. H.R. 4337 proposes to amend the customs laws of the United States with respect to the entry process for imported merchandise. H.R. 4337 is intended to give Customs the statutory authorization to make minor, but important, practical improvements to its entry process while Customs and the trade community await development of Customs' long-overdue, new computer system and to fulfill more of the promise of the 1994 Mod Act. AAEI has testified before the Trade Subcommittee on numerous occasions as to the looming national crisis surrounding the delay in getting this system up and running. In the meantime, H.R. 4337 seeks to apply some of the safeguards and benefits of a modern system to Customs' current antiquated system while respecting the statutory mandate of both Customs and the Census Bureau.

The Customs Modernization Act of 1994 was expected to initiate a new era in international trade by enabling Customs to create efficient automated processes that would interface almost seamlessly with the private sector's newly re-engineered integrated information management systems. No longer would commerce be restrained by entry and duty assessment procedures developed when information could be moved from place to place only by hand and cargo moved slowly in relatively small batches.

Unfortunately, the promise of the Mod Act has not been realized. The effectiveness of the Mod Act was premised on the early development and installation of a modern computer system at Customs. That system has never come into being. At best, it will not exist for years to come. Customs has implemented only parts of the Mod Act, and to a point, we can understand its reluctance to write regulations for computer-dependent programs when it is not clear what kind of system, if any, will be available.

As the private sector has gained increasingly advanced business software and hardware systems, we have learned, with Customs, how much further we could automate Customs' processes than was assumed when the Mod Act was written al-

most ten years ago. When we can know with some assurance that Customs will be getting a modern computer system, when it will be available, and what its capabilities will be, we will be able to work with Customs to design even better approaches to entry processing and duty assessment.

As you can understand, we are most anxious to help develop those procedures. In contrast with the major efficiencies and data capabilities achieved by the private sector in the 1990's, Customs' antiquated methods are painfully visible. We know how more efficiently Customs could be operating. We know how much less cost we would incur if Customs were operating at this level of efficiency. And we are fearful of the inevitable day when Customs' data systems no longer operate at all.

AAEI believes that the funding of a modern computer hardware and software system for Customs is one of the best investments the federal government can make today. The private sector has made enormous investments in such systems and the benefits are clear. Customs would be reaping those same benefits if those systems were available to it. The benefits would not be solely to importers but to the economy and to all taxpayers. At the same time we believe that the continued delay in obtaining a new system is one of the most dangerous acts the federal government could take because even a weeklong outage of the current Customs system would have negative impacts throughout the U.S. economy, up and down the supply chains of the automobile, food, chemical, pharmaceutical, apparel, and retail industries. If these industries cannot obtain needed imported components and are forced to reduce operations, domestic suppliers, employees, grocers, and the mom and pop stores of Main Street will be hurt just surely as if there were a nationwide strike.

Rather than waiting for a new system before proposing any of the useful updates to the Customs laws, the private sector has proposed the reforms in H.R. 4337, necessary updating of the Customs laws that are not dependent on a new computer system. Together with Customs we believe that these statutory changes will enable Customs to achieve benefits with its current computer system. These improvements do require minimal statutory change, however. The incremental changes this year, in combination with regulatory changes at Customs, will provide important benefits to U.S. business, consumers and the economy. They will greatly help the private sector cope with the lack of modern computer systems at Customs.

In drafting the provisions of H.R. 4337, industry has been mindful of the important mandate of both Customs and the Census Bureau. We believe that these provisions do not compromise either agency's ability to meet its statutory duties.

For these reasons, AAEI urges this Committee to pass H.R. 4337, alone or as part of a miscellaneous trade bill.

We would be pleased to provide further information and to discuss with you the implications of this bill or its individual provisions.

AMERICAN ELECTRONICS ASSOCIATION
SANTA CLARA, CA 95056–0990
May 17, 2000

Mr. A.L. Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

RE: Request for Written Comments on Technical Corrections to U.S. Trade Laws and Miscellaneous Duty Suspension Bills

Dear Mr. Singleton:

The American Electronics Association (AEA), a 3,000-member organization representing the U.S. electronics, software and information technologies industries, respectfully submits the following input with the focus on modernizing the entry process, and Congress' part in financially supporting this role.

H.R. 4337

AEA supports H.R. 4337 for its modernizing affect on the U.S. Customs entry processes. However, AEA requests that Congress set up oversight of these measures in order to insure that the implementing regulations are promulgated; unlike similar authority granted under PL 95–410, 1978 (sec 103) and PL 103–182, 1993 (sec 637). Attachments A and B are from Senate Reports 95–778, and 103–189 for the

relevant sections requiring regulations promulgating importer activity summary statements (IASS).

Linkage to Modernization

Although there is existing authority and growing urgency to implement these legal procedural improvements, in order to preserve the expansion of the U.S. (and world) economy, in AEA's opinion the benefits of these H.R. 4337 legal procedural improvements will be frustrated unless Customs is granted the funds for a modernized commercial computer system which can implement the (existing) legal authority. A recent survey of AEA members' customs compliance costs to existing U.S. Customs legal procedures shows a nullifying 3–6% overhead expense on our predominantly duty free importations.

We believe the stewardship obligations on Congress extend to this area and that they require Congress to appropriate the necessary computer systems funding to support this overdue procedural reform of the Customs entry process. Further, we believe these obligations are embodied in H.R. 4337.

Drawback

In promulgating new regulations to implement Mod-Act (1993) changes to drawback, Customs inserted an new procedural requirement for "determination of commercial interchangeability" on Substitution Unused (Same Condition) Merchandise drawback [19 USC 1313 (j) (2), 19 CFR 191.32(c)] which we believe is being interpreted as a new mandatory requirement for filing, paying or liquidating claims under 19 USC 1313(j)(2).

Previously, exporters in compliance with the law designated merchandise that was substituted and drawback eligible (usually by part number), Customs paid the claim, and then Regulatory Audit subsequently audited the drawback records for compliance.

We are concerned that this new pre-determination imposes a curious *non-public* governmental standard of commercial interchangeability which is inconsistent with other equivalent Substitution Unused merchandise regulations under Manufacturing Drawback.

AEA asks for no statute change as we think none is warranted. Nonetheless, AEA does ask for House Report directive language indicating that in order to facilitate Unused Substitution Merchandise drawback (19 USC 1313 (j)(2)) consistent with the liberalizing change from "fungible merchandise" that there be no requirement for a claimant to seek a Customs "determination of commercial interchangeability" prior to receiving approval for waiver of prior notice to export, filing, paying or liquidating the claim under existing law. This insures that the Customs regulations and their interpretive procedures are no more procedurally burdensome than previously required for substantially the same drawback claims and where no limiting language was introduced in the Mod-Act.

Thank you for your time and consideration of our views.

Sincerely,

ANNMARIE MCINTYRE
Director, Trade Regulation

[Attachments are being retained in the Committee files.]

ASSOCIATION OF INTERNATIONAL AUTOMOBILE MANUFACTURERS, INC.
ARLINGTON, VA 22209
May 19, 2000

The Honorable Philip Crane
U.S. House of Representatives
Washington, D.C. 20515

Re: Comments in Support of H.R. 4337

Dear Mr. Chairman:

On behalf of the Association of International Automobile Manufacturers (AIAM), I am writing to express our strong support for H.R. 4337. AIAM believes the amendments contained in this legislation are largely technical in nature and should not be controversial. They offer much-needed clarification and guidance on a number of

important reforms contemplated in the 1993 Customs Modernization and Informed Compliance Act ("Mod Act"), but which are still awaiting full implementation.

AIAM is a trade association representing the interests of United States subsidiaries of international automotive companies, including many of the largest companies in America.[1] Collectively, our companies are responsible for billions of dollars annually in cross-border trade, involving all aspects of manufacturing and distribution of passenger cars, light trucks and multipurpose vehicles.

AIAM and its member companies were early and active supporters of the Mod Act. With the Customs Service, we have long seen this legislation as an essential building block for helping move the U.S. customs administration process into the twenty-first century. Much progress has already been made, with attendant benefits both for the Customs Service and business community. In a number of areas, however, important Mod Act reforms remain to be fully implemented.

As was well understood at the time, the Mod Act was a complex, carefully-balanced compromise built on commitments and reasonable concessions from all sides. AIAM member companies, along with others in the business community, have expended substantial resources to satisfy industry commitments to improve compliance with the trade laws through automation and cost-effective, modern business practices. But we have not reaped the full benefits of these investments because key Mod Act reforms like periodic data reporting in aggregate form and periodic payment of duties, taxes and fees have still not been initiated, more than six years after passage of the Mod Act. The Mod Act envisioned a change in the way the Customs Service and trade community conduct business, from a transaction-based system to an account-based one. The failure to implement these key Mod Act reforms has prevented us from making this transition, leaving AIAM companies mired in the outdated, inefficient transaction-based model the Mod Act was expressly designed to eliminate.

AIAM believes that H.R. 4337 would not make any major substantive change to U.S. customs law. Rather, the bill's core provisions would reaffirm and facilitate the implementation of express or implied commitments in the Mod Act to:

- Minimize data requirements for cargo release;

The Mod Act promised to eliminate unnecessary data requirements for cargo release "in return for" an importer commitment to "maintain and produce information after the fact." This would be accomplished by limiting requirements to information actually needed to make admissibility and release decisions.

- Permit periodic filing of aggregate import information;

H.R. 4337 would reaffirm Congress' intent in the Mod Act to provide importers the option of filing an "import activity summary statement" (IASS) each month in lieu of entry summaries for individual transactions, and provide needed clarification on the categories of data required for duty, tax and other administrative purposes.

- Renew Customs Service authority to make "mid-point" calculations for interest on underpayments; and

H.R. 4337 would reaffirm the Customs Service's authority to use the mid-point method for interest calculations, without which the reconciliation program would be unworkable.

- Provide for netting and offsetting of under-and over-declarations.

H.R. 4337 would allow importers the option of using an account-based approach in which importers would receive credit for overvalued-declarations that could be used to net out or off-set undervalued-declarations during the same import period.

AIAM believes it is time to move forward on these measures, and H.R. 4337 provides a clear mandate to the U.S. Customs Service to do so. Timely implementation of the provisions of H.R. 4337 would significantly reduce entry processing costs, according to one estimate, by as much as 30 percent. AIAM believes that this would be accomplished with no diminution in the ability of Customs to fulfill its duty to the public to enforce the trade laws at the border. Furthermore, we believe that revising import procedures to reflect the realities of automation and other modern-day

[1] AIAM members include American Honda Motor Co., American Suzuki Motor Corp., Daewoo Motor America, Hyundai Motor America, Isuzu America, Kia Motors America, Mitsubishi Motor Sales of America, Nissan North America, Saab Cars USA, Subaru of America, and Toyota Motor Sales, U.S.A. The Association also represents original equipment suppliers, other automotive-related trade associations, and motor vehicle manufacturers not currently engaged in the sale of motor vehicles in the United States. During the past 20 years, AIAM members have invested billions of dollars in new production and distribution capacity, creating tens of thousands of high-skill, high-wage jobs across the country in manufacturing, supplier industries, ports, distribution centers, headquarters, R&D centers and automobile dealerships.

business practices would make data collection more accurate and improve overall compliance with the trade laws.

AIAM appreciates the opportunity to comment on this important issue, and respectfully urges the Trade Subcommittee and the Ways and Means Committee to favorably report H.R. 4337 at the soonest possible opportunity.

Sincerely,

TIMOTHY C. MACCARTHY
President & CEO

CANADIAN IMPORTERS ASSOCIATION INC.
TORONTO, ONTARIO M5G 2K8
May 19, 2000

Mr. A. L. Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Re: Comments on H.R. 4337

Dear Mr. Singleton:

On behalf of the Canadian Importers Association, I am grateful for the opportunity to submit comments concerning HR4337.

Canadian importers welcome the initiative to amend U. S. Customs Law (HR4337). They assert that the initiative will ultimately modernize and simplify the importation procedures, which will benefit both Canada and the United States.

We wish to clarify comments from the U.S. Bureau of Census concerning Canadian importers' preference for filing non-aggregate data. Canadian importers prefer periodic, aggregate filing of import information rather than discreet filing of transactions. The Association supports the implementation of modernized and efficient custom procedures, such as Custom Self Assessment. The Canada Customs and Revenue Agency is working with Canada's international trade community on "Custom Self Assessment," which aims to simplify cross-border procedures.

Thank you.

Sincerely

BOB ARMSTRONG
President

CATERPILLAR INC.
PEORIA, ILLINOIS 61629–7310

May 19, 2000

Mr. A.L. Singleton
Chief of Staff
Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

Re: Request for Comments on H.R. 4337

Dear Mr. Singleton:

In response to the Subcommittee on Trade's notice of April 20, 2000, Caterpillar Inc. submits the following comments in support of H.R. 4337. As you may be aware, Caterpillar is one of the largest companies in the world and is the global leader in the manufacture of construction, mining, and agricultural equipment. Caterpillar has a presence in most of the 50 states and employs nearly 70,000 persons worldwide.

As with most multinational companies, Caterpillar imports a number of items to assist in the production of Caterpillar products. In 1999, Caterpillar was one of the top thirty importers of goods into the United States. To support its import oper-

ations, Caterpillar has invested significant resources in order to comply with United States trade regulations, including Customs Service rules.

Given its large volume of imports into the United States, Caterpillar pays millions of dollars annually to process entries. Much of this expense comes as a result of the transaction-based process currently utilized by the Customs Service. If the provisions embodied in H.R. 4337 were to be implemented, Caterpillar would see a reduction of at least 30 percent in entry processing transaction costs. Improvements such as periodic filing of entry data in aggregate form, periodic payment of duties, taxes, and fees, and the filing of essential data for cargo release would contribute to Caterpillar's world-wide competitiveness by reducing Caterpillar's import-related costs by millions of dollars.

Caterpillar believes that the improvements contained in H.R. 4337 are largely technical in nature and represent a realization of the Customs Modernization and Informed Compliance Act ("Mod Act"). It is time that import mechanisms reflected the realities of modern business as mandated by the Mod Act. Otherwise, American business has lost the benefit of the bargain negotiated with the passage of the Mod Act. Caterpillar believes that adoption of H.R. 4337 will not undermine the government's ability to perform its responsibilities, including the examination and inspection of goods and the collection of trade statistics. Rather, H.R. 4337 will greatly enhance the customs process and will allow for better data collection and increased compliance by importers.

For the reasons listed above, Caterpillar encourages favorable treatment of H.R. 4337.

Sincerely yours,

ERIC F. HINTON
Legal Services Division

CONAGRA, INC.
WASHINGTON, DC 20006
May 18, 2000

Hon. Philip M. Crane
Chairman, Trade Subcommittee
Committee on Ways and Means
1104 Longworth House Office Building
Washington, D.C. 20515–6354

Re: H.R. 4337

Dear Chairman Crane:

ConAgra, Inc., a diversified international food company with headquarters in Omaha, Nebraska, supports H.R. 4337 and urges its prompt enactment.

Through a network of operating companies working interdependently throughout the United States and thirty three other countries, ConAgra is dedicated to satisfying the world's appetite for safe, delicious, convenient and affordable food. ConAgra's products cover the entire food chain from crop inputs such as fertilizer to convenient, table ready prepared foods. Some of our leading brands include Healthy Choice, Butterball, Parkay, Peter Pan, Hunt's and Swift Premium.

In conducting its global business operations ConAgra imports millions of dollars worth of raw materials and ingredients annually. For this reason, ConAgra has a significant interest in legislation that affects procedures for importation of merchandise into the United States.

ConAgra strongly believes that Customs procedures should be designed to provide accurate and timely information to Customs with regard to the classification and valuation of merchandise so that duties can be assessed fairly and accurately. At the same time, it is critically important that Customs procedures be designed so as to minimize burdens on importers in order that they can compete effectively in providing affordable products to American consumers. ConAgra believes that enactment of H.R. 4337 will further these objectives by facilitating accurate reporting of classification and valuation information in a manner which does not subject importers to unwarranted penalties.

The beneficial impact of H.R. 4337 can be illustrated by a real world example. ConAgra imports grain from Canada which is used to produce flour for a variety of baked goods, pasta products, and livestock feed ingredients. The quantity and quality of grain actually delivered to ConAgra will sometimes vary from the pur-

chase specifications. This occurs because the purchase specifications are targets which cannot always be matched precisely. Entry documents are prepared on the basis of information provided by the supplier. However, when the grain arrives it is weighed and tested. Such weighing and testing can reveal variations in quantity, protein and moisture content or other characteristics which effect value, that are sufficient to require that corrected entry information be provided to Customs. For example, the Canadian supplier may deliver grain with a protein content that is close to, but not precisely, what was specified by ConAgra. Similarly, because of the method of loading the rail cars in which the grain is delivered may contain somewhat more or less grain than was invoiced. At the present time such unintentional discrepancies must either be flagged upon entry and reconciled within 15 months, or by admitting to an error in a Supplemental Information Letter or a Prior Disclosure. Customs views admission in a Supplemental Information Letter or a Prior Disclosure as acknowledgments of error subject to penalties.

Under the provisions of H.R. 4337, ConAgra would have one month to ascertain the actual quantity and quality of the grain actually received. Any discrepancy between what was described on the supplier's invoice and what was actually received could then be reported on a monthly Import Activity Summary Statement ("IASS") which covers all entries during the preceding month. This new procedure will allow ConAgra to assure the timely submission of accurate entry data without fear of being penalized for its efforts.

Similarly, H.R. 4337 eliminates the need to flag entries for reconciliation. Currently, if any information provided upon entry of the merchandise is incorrect or incomplete, the entire entry must be flagged before a reconciliation may be filed at the end of the year. For example, if an importer does not know the exact amount of prepaid freight charges included in the price of the merchandise it must flag the entry for later reconciliation when it is able to obtain that information. A reconciliation must be filed at the end of the year. This process is not only burdensome on the importer but it suggests to Customs that the information contained in the flagged entry may be incorrect for any number of reasons. H.R. 4337 eliminates this problem by allowing importers to file reconciliations at the end of the year without flagging individual entries.

These and other provisions of H.R. 4337 recognize the realities of the ever increasing pace of global commerce. They enable importers to provide accurate and timely entry data based on the merchandise as actually received. Indeed, they encourage accurate reporting by eliminating the spectre of penalties in response to good faith disclosure of inadvertent, and in some cases, inevitable discrepancies between information provided by the supplier and the actual quantity and condition of the merchandise as received by the importer. From the standpoint of Customs compliance this will have the further advantage of eliminating excuses for inaccuracies by making it easier to submit accurate entry data. If an importer chooses not to avail itself of that opportunity, it has no excuse for inaccurate reporting.

For the foregoing reasons ConAgra urges prompt enactment of H.R. 4337. If we can provide any further information that might be helpful to the Subcommittee in its consideration of H.R. 4337, we will be happy to do so on request.

Very truly yours,

BRENT A. BAGLIEN

DAIMLERCHRYSLER
AUBURN HILLS, MI
May 12, 2000

The Honorable Bill Archer
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Re: H.R. 4337

Dear Representative Archer:

DaimlerChrysler supports the enactment of H.R. 4337, a bill "To amend the customs laws of the United States relating to procedures with respect to the importation of merchandise." H.R. 4337 will assist in fulfilling the 1993 Customs Modernization Act mandate that Customs commercial operations be both modernized and simplified. It is our opinion that this bill contains non-controversial technical

amendments to the customs laws, which will result in consistent, practical and simplified customs procedures.

As a major importer with over 500,000 auto part entries per year valued at approximately $3 billion, we believe that the account-based approach addressed by this legislation will assist both the Trade and the U.S. Customs Service. Trade benefits include streamlined customs reporting and payment procedures combined with increased compliance rates. These benefits will ensure that our Just-In-Time inventory program is not jeopardized by border crossing delays. The major benefit we see for the U.S. Customs Service is the ability to redirect valuable resources away from transaction-based manual intensive clerical activities to the protection of the United States borders.

DaimlerChrysler respectfully requests that you schedule a hearing on this bill and present it in a positive manner to the full Committee and then the House of Representatives.

Sincerely,

JANET Y. SANGSTER
DaimlerChrysler
Director, International Supply & Customs

HUGHES HUBBARD & REED LLP
WASHINGTON, DC 20006–2401
May 19, 2000

Mr. A. L. Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Bldg.
Washington, D.C. 20515

Re: Comments on H.R. 4337

Dear Mr. Singleton:

We are writing on behalf of our client, Federal-Mogul Corporation, to comment in support of H.R. 4337, which would amend the customs laws relating to importation procedures, as well as making changes with respect to valuation, drawback, instruments of international traffic and entireties. Federal-Mogul Corporation, headquartered in Southfield, Michigan, is a global manufacturer and distributor of automotive, heavy duty and industrial parts to original equipment manufacturers and aftermarket customers.

Federal-Mogul Corporation is generally in favor of the proposed changes and commends Representative Thomas for his sponsorship of this legislation. H.R. 4337 would make certain changes that are needed to complete the implementation of the 1993 Customs Modernization Act ("Mod Act"). While the Mod Act was intended to provide for a shift from entry-by-entry processing to periodic entry and reconciliation, or an account-based approach, this objective cannot be successfully achieved without the additional amendments provided in H.R. 4337.

Although we agree with most of the changes proposed in H.R. 4337, we do have specific comments with respect to certain sections of the proposed bill. Our specific comments are set forth below.

Section 1—

Section 1(a) of the bill proposes to amend the statute to require the submission of minimal documentation to obtain the release of merchandise. While we agree with the intent of section 1(a), the proposed legislation is ambiguous in describing the relevant requirements. The legislation proposes amending 19 U.S.C. § 1484 to provide that, at the time of entry, the importer need only file such documentation as is necessary to enable the Customs Service to determine whether the merchandise can be released. It does not specify what documentation is required at that point. While it is true that the proposed legislation does contain language specifying what documentation must be submitted at some point in the entry process (either before release or in the entry summary or Importer Activity Summary Statement ("IASS")), it is not clear which portion of the documentation is required for release and which is required later when the entry summary or IASS is filed. It is also un-

clear what is meant by "unless the Customs Service has granted the importer an alternative means to obtain release."

As set forth in the bill, the list of documentation required to be submitted at some point in the entry process would be as follows:

1. a description of the merchandise;
2. the classification number for the merchandise (to the sixth digit);
3. the country of origin; and
4. other documents required to determine admissibility.

The requirement that the tariff number be stated to the sixth digit before release may not go far enough. Many admissibility decisions require classification to the eighth, or even the tenth, digit. Also, the list does not include documents necessary to establish a value for the merchandise. While we agree that the value of merchandise does not generally affect admissibility, in certain situations, where classification depends on the unit value of the goods, the absence of value information could make it impossible to classify the merchandise.

The amendments proposed in section 1(b) of the legislation would reduce the examination requirements that must be satisfied for release of the merchandise. This language does not appear to be completely consistent with the language of section 1(a) in that it addresses only considerations of health, safety and welfare and the correctness of the description and country of origin. The requirement in section 1(a) that all information needed to determine admissibility be submitted before the merchandise can be released goes further. Admissibility decisions can require more than a correct description of the merchandise, a correct statement of the country of origin, and evidence that there is no threat to health, safety and welfare. For example, admissibility may hinge on whether a proper visa has been obtained for quota merchandise.

Section 2—

We agree with the proposal in section 2 of the bill to provide for remote filing of the IASS.

Section 3—

Section 3 proposes to allow the filing of monthly import activity in the form of an IASS containing information totaled by tariff number, country of origin and any relevant special duty indicators. Any discrepancies between the entry and the entry summary or IASS would be treated as clerical errors (in the absence of fraud).

We certainly agree that discrepancies addressed at the time of the filing of the entry summary or IASS should be treated as clerical errors. However, while we also believe that the monthly aggregate statement filing proposed by the bill is a step in the right direction, we believe it does not go far enough. In effect, the IASS will still be treated like an entry. It may still be necessary, at least in some situations, to go back to a particular entry or shipment if changes are required. For example, an importer may import a single product from a single country but from multiple vendors. If a value adjustment is needed with respect to only one of the vendors and the aggregate reporting method has been used, it may be difficult to make the required adjustment.

Section 4—

We have no objections to or comments on section 4, which would require the Customs Service to prescribe an alternative mid-point interest methodology in calculating interest due on underpayments of duties.

Section 5—

Section 5 proposes to eliminate the requirement to flag entries for reconciliation and provides for reconciliation of any information required by subsection (a)(1)(B) of 19 U.S.C. § 1484. We are in favor of this proposal. Under an account-based approach, it should not be necessary to flag issues at the time of entry because corrections are not made on an entry-by-entry basis. Elimination of the requirement to flag entries will allow importers to correct errors, such as quantity discrepancies, in situations in which it is not known at the time of entry that there may be a problem.

We are concerned, however, that, based on the language used in the proposed legislation, reconciliation may not cover classification and country of origin, as these are not specifically covered in subsection (a)(1)(B) of 19 U.S.C. § 1484. This confusion arises because, as discussed in our comments to section 1 of the bill, it is not clear what documents are meant to be covered by proposed subsection (a)(1)(A) and which are covered by subsection (a)(1)(B).

Section 6—

We wholeheartedly agree with the proposal to net and offset overpayments and underpayments of duties. The practice now in effect is manifestly unfair to importers in that it requires the payment to the Customs Service of any additional duties due, even after liquidation, but does not allow for the refund of overpayments (where liquidation has become final) or the netting of overpayments against underpayments. Many clerical errors are made by the shipper and cannot be controlled by the importer. This proposal would allow the importer to correct mistakes without faulting the importer for mistakes it can not control.

We do have some questions with respect to this section of the bill, however. The bill does not define "relevant period." Also, although we believe the intention is to allow importers to net over-and underpayments with respect to all products imported during the period, without regard to tariff categories or any other criteria, this is not completely clear.

Finally, because the proposed legislation does not appear to provide for refunds from the Customs Service in those situations in which the net amount is an overpayment to the Customs Service, we do not believe the legislation goes far enough. The Customs Service should also be required to pay back any excess amounts collected from the importer.

Section 7—

Section 7 of the bill would impose a requirement on the Customs Service that it look at a representative number of transactions in determining whether a related party price is influenced by a relationship between the buyer and the seller, and not just at one or two transactions. First, we note that there appears to be a typographical error in the legislation. We believe the reference should be to section 1401a(b)(2) rather than 1401(b)(2).

We agree with the intention of this section of the bill. However, we do have some problems with the proposal. The bill does not state what the "representative time frame" will be and what will be considered "in the normal course of trade" in merchandise of the "same class or kind." Also, it is unclear what would happen if an importer has some "good" (i.e., not influenced by the relationship) and some "bad" (i.e., influenced) transactions. How will the Customs Service determine whether, overall, the price used for the imported merchandise is a legitimate price for customs valuation purposes?

Section 8—

Section 8 would amend the statute to provide drawback for merchandise destroyed within 5 years as well as merchandise exported within 5 years, define destruction for these purposes, and provide for drawback even when valuable waste or scrap results from the manufacturing process. We are in favor of this section of the bill, particularly the part addressing waste and scrap, because we believe it is good policy to encourage recycling in the drawback arena.

Section 9—

We are in favor of the proposal to simplify the procedures with respect to instruments of international traffic ("IITs"). This proposal provides that certain containers are not goods subject to the tariff schedule. However, it does not require that they be used in international traffic. We are concerned that this leaves open the possibility that containers being imported for sale in the United States would enter U.S. commerce both without being subject to the tariff schedule and without being subject to other laws intended to protect the public from unsafe articles.

Section 10—

Section 10 proposes to treat certain machinery and equipment imported in more than one shipment as a single machine if the importer files an election and demonstrates to the satisfaction of the Customs Service that there is a preexisting agreement to purchase the complete article. Under current law, parts of a machine cannot be classified as the complete article if they are not imported in one shipment or in shipments entered on the same day.

We are in favor of this proposal, which addresses the problem of classification of machines too large to be imported in one shipment. However, we are concerned about whether the addition of another general note defining entireties will be sufficient to achieve the intended result. General Rule of Interpretation 2(a), which will remain unchanged by this legislation, has been interpreted to require that in order to be classified as the complete article, parts must be imported in a single shipment (or on a single day) and must have the essential character of the complete article.

This appears to be inconsistent with the intended goal of section 10 of the legislation. Also, there is a need to define terms, such as "machinery tools" and "equipment," and it is not clear how the Customs Service will be able to determine whether there is a binding agreement to purchase a complete machine and how long a time period should be allowed for all of the parts of the machine to be imported.

In sum, on behalf of our client, Federal-Mogul Corporation, we support H.R. 4337. We believe the legislation would be improved if the changes and clarifications described in our specific comments were incorporated into the bill. In particular, we believe there is a need for clarification of a number of terms used in the legislation.

Respectfully submitted,

JANET A. FOREST

FLORAL TRADE COUNCIL
HASLETT, MI 48840
May 19, 2000

Mr. A.L. Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth Building
Washington, D.C. 20515

Re: H.R. 4337—Comments of the Floral Trade Council

Dear Mr. Singleton:

The Floral Trade Council (FTC) appreciates the opportunity to submit comments to the Committee on Ways and Means of the House of Representatives regarding H.R. 4337, which would amend U.S. customs laws relating to import procedures.[1] The FTC is a U.S. trade association composed of growers and/or wholesalers of fresh cut flowers. The FTC is based in Haslett, Michigan, and its members are located throughout the United States. The President of the FTC resides in Salinas, California. The FTC is committed both to finding markets abroad for U.S. fresh cut flowers and to working to see that U.S. laws provide adequate relief for domestic industries harmed by unfair trade practices.

As a domestic industry that has used the unfair trade laws in the past, the FTC is concerned that changes proposed to customs laws in H.R. 4337 not undermine the effectiveness of antidumping and countervailing duty laws and other import relief laws.

As noted below, the FTC would like to see H.R. 4337 amended (1) to provide for the notation of antidumping or countervailing duty orders or any other trade law relief measures at time of entry and in import activity summary statements and (2) to bring the language of H.R. 4337 regarding transaction values of imported merchandise more closely in line with current law.

I. Notation of Antidumping or Countervailing Duty Orders at Time of Entry and in Import Activity Summary Statements

The FTC understands that the purpose of H.R. 4337 is to streamline and simplify filing procedures for importers. Accordingly, the bill calls for the filing of minimal information by importers at the time of entry. H.R. 4337 at Section 1(a)(2)(C) would require that importers provide the Customs Service upon entry a description of the merchandise, the merchandise's tariff classification, its country of origin, and admissibility documentation.

H.R. 4337 also provides for minimal reporting of information in import activity summary statements. Under Sections 3(a)(2) and (c) of the bill, importers would report tariff numbers, countries of origin, and special program indicators, e.g., GSP, on these statements.

Under existing law, importers of merchandise subject to antidumping and countervailing duty orders are required to make deposits of estimated special duties upon entry.[2] As this requirement will continue under H.R. 4337, the Customs Service should ensure that any new forms or streamlined procedures maintain the

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[1] *See* Advisory from the Committee on Ways and Means, Subcommittee on Trade, No. TR–20, April 20, 2000.

[2] See 19 U.S.C. § § 1671e(a)(3) and 1673e(a)(3).

present system for ensuring compliance with the requirements: importers have to indicate on their entry forms that their merchandise is subject to an order and make special duty deposits at the time of entry.

The FTC respectfully requests that H.R. 4337 be amended to require that importers note at time of entry and in importer activity summary statements whether the reported merchandise is subject to an antidumping or countervailing duty order or any other trade law relief measures. The FTC is concerned that, through the streamlined process proposed in H.R. 4337, the Customs Service may in some cases be unaware as to whether imported products are subject to antidumping and countervailing duty orders or other trade law relief measures. This circumstance could result in the Customs Service inadvertently failing to suspend liquidation on some entries. Such a situation could be obviated, however, if Customs were put on notice at time of entry or through importer activity summary statements whether imported merchandise is subject to antidumping and countervailing duty orders or other trade law relief measures.

II. Transaction Values of Imported Merchandise

The FTC is concerned about variances of language in H.R. 4337 with current law pertaining to circumstances of sale that may be considered in determining whether "transaction values" may be used in related party import transactions.[3] Section 7 of H.R. 4337 states

> In determining whether the circumstances of the sale of the imported merchandise indicate that the relationship between the buyer and seller did not influence the price actually paid or payable, there shall be taken into account other sales during a representative timeframe in the normal course of trade in merchandise of the same class or kind.

The FTC has two specific concerns regarding this language. First, the language "merchandise of the same class or kind" in Section 7 is significantly broader than current law regarding transaction values between related buyers and sellers. Current law, 19 U.S.C. § 1401a(b)(2)(B)(i), compares the transaction value of imported merchandise and the transaction value of "identical merchandise, or of similar merchandise." The more specific language of the current law provides for closer comparisons between merchandise and is thus viewed by the FTC as preferable.

Second, Section 7 of H.R. 4337 does not require that sales be "to unrelated buyers in the United States" as does 19 U.S.C. § language in H.R. 4337 could lower the standard for determining the acceptability of "transaction values" in related party transactions.

Accordingly, the FTC respectfully requests that Section 7 of H.R. 4337 be amended, first, to replace "merchandise of the same class or kind" with "identical merchandise, or of similar merchandise," and second, to add "to unrelated buyers in the United States" at the end of Section 7.

III. Conclusion

The FTC would be pleased to participate further in the development of H.R. 4337. If you have any questions regarding the FTC's position on this legislation, I may be reached at (831) 442–2508.

Sincerely,

KENICHI BUNDEN
President of the Floral Trade Council

[3] Please note that H.R. 4337 refers to "19 U.S.C. 1401(b)(2)." The FTC believes that the bill was intended to read "19 U.S.C. 1401a(b)(2)."

JCPENNEY COMPANY, INC.
PLANO, TX 75024–3698
May 16, 2000

The Honorable Bill Archer
Chairman, House Ways & Means Committee
United States House of Representatives
1102 Longworth
Washington, D.C. 20515

Re: H.R. 4337—To Effect Full Implementation of the 1993 Customs Mod Act

Dear Chairman Archer,

On behalf of JCPenney Purchasing Corporation, I am writing to express support for H.R. 4337. This legislation will effect full implementation of the 1993 Customs Modernization and Informed Compliance Act ("the Mod Act"). Since enactment into law on December 8, 1993, implementation by US Customs has been slow and often selective. As a result, the burden for compliance has been shifted to the importing company from Customs without delivery of the promised administrative efficiencies to reduce both public and private sector costs.

As US duty rates decline, US companies are spending a disproportionate amount to build systems and implement procedures to manage import compliance. The enactment of H.R. 4337 would remedy the unbalanced implementation of the Mod Act, reduce the drain on Customs resources and facilitate importer compliance by promoting modern cost-effective compliance import laws. The bill is revenue neutral and will meet or exceed Bureau of Statistics reporting requirements, while providing more accurate trade data in pre-consolidated manner. In addition, H.R. 4337 would accomplish the following objectives:

- Clarify language in the original 1993 Mod Act and as such, is a non-controversial technical corrections bill.
- Eliminate barriers to fully implement the Mod Act of 1993, per congressional intent.
- Provide a simplified, optional method for aggregate reporting of import data to streamline the business process for both importers and the U.S. Government.
- Implement true Customs' "account management" and improve Customs controls on revenue collection by importer.
- Facilitate modernization under Customs current ACS environment and possibly reduce the costs of ACE.
- Create no impediment to Customs' ability to inspect cargo or determine admissibility of goods at time of import, prior to release into US commerce.

JCPenney Purchasing Corporation urges Congress to pass this legislation so that the Mod Act of 1993 can be fully implemented as anticipated to strengthen our economy by providing increased efficiencies for Customs and allow importers to comply with US law.

Sincerely,

PETER MCGRATH
President

JOINT INDUSTRY GROUP
WASHINGTON, DC 20006
May 19, 2000

Mr. A.L. Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Re: Request for Written Comments on H.R. 4337

Dear Mr. Singleton:

The Joint Industry Group (JIG) appreciates the opportunity to comment on this bill to amend the customs laws of the United States relating to certain importation procedures. The JIG supports H.R. 4337, which will promote full implementation of

the Customs Modernization and Informed Compliance Act (the "Mod Act") and will make other technical and conforming amendments to U.S. customs laws.

JIG is a coalition of more than one hundred and sixty members representing Fortune 500 companies, brokers, importers, exporters, trade associations, and law firms actively involved in international trade. JIG membership represents over $350 billion in annual trade.

From 1989 to 1993, the JIG led the business community's effort to modernize the customs entry process, which culminated in the Mod Act in 1993. During those four years, the importing community had extensive negotiations with Congress and all concerned Executive Branch agencies, including the Customs Service and Census Bureau, to insure that the legislation reflected a carefully balanced compromise, under which all sides would realize some of the improvements for which they had bargained.

In major part, the compromise which was ultimately accepted required the trade community to be responsible for the classification and valuation of imported merchandise and the exercise of "reasonable care" in the import process, in exchange for the Government streamlining and fully automating the commercial operations of the U.S. Customs Service and fully implementing a system of "informed compliance" to insure that importers are aware of the Customs Service's requirements. More than six years later, many of the improvements which the trade community bargained for, particularly those relating to electronic data transmission and periodic reporting, have not been implemented at all, or only partially implemented.

Sections 1 through 5 of H.R. 4337 are designed to provide a clear mandate to the Customs Service to follow through on these long-delayed promises and commitments contained in the Mod Act. The remaining sections of the bill are technical and conforming amendments that address problems that have surfaced during Mod Act implementation.

H.R. 4337 will promote full implementation of the following modern, cost-effective and business-like concepts contained in the Mod Act:

- Filing of essential data for cargo release

The bill clarifies that upon arrival of goods, only such information as is necessary to enable the Customs Service to determine whether the goods may be admitted should be required. All other information necessary to fix duties, etc., would be provided later after release of the goods. The Customs Service enforces myriad laws on behalf of other federal agencies regarding the admissibility of goods, and the bill does not change existing procedures in that regard, and does not restrict Customs' authority to examine goods presented for entry into the United States.

- Periodic filing of entry data in aggregate form

The Mod Act first introduced the concepts of Importer Activity Summary Statement (IASS) and Reconciliation. As indicated in the House Report on that legislation, Congress clearly contemplated that these concepts would permit aggregate, periodic entry data reporting:

> The introduction into the law of two new provisions, the *import activity summary statement* and the *reconciliation*, will permit importers and customs brokers which are capable of interacting with Customs in an electronic mode to handle Customs transactions in a more business-like way, reducing paperwork and many of the administrative costs. The import activity summary statement is the *electronic transmission, periodically, of the information now contained in individual entry summarieT1. Major U.S. companies will increase their competitiveness through cost reduction by being able to submit information in batch form*. House Report 103–361(I)(emphasis added).

Despite this clear mandate, Customs has never implemented IASS. While the agency has implemented Reconciliation, it is currently only in prototype form and has proven to be so cumbersome and limited as designed by Customs that there is a disincentive for importers to use it. H.R. 4337 is intended to require Customs to implement the business-like aggregated data reporting that Congress and the business community expected via the Mod Act.

- Periodic payment of duties, taxes, and fees

The bill clarifies that, along with aggregate data reporting, importers may elect to make payments of duties, taxes, and fees on a periodic, aggregate basis. This simply delivers on another aspect of IASS that has not been implemented at all.

Taken together, the provisions summarized above would further the Mod Act goal of transitioning away from the outmoded transaction-based model of customs commercial operations to an account-based system. Importantly, H.R. 4337 would not impede the government's authority and responsibility in examination and inspection

of goods, and the collection of revenue and trade statistics. Other provisions of the bill contain technical amendments that we believe are non-controversial. For these reasons, the JIG supports enactment of this proposed legislation.

Sincerely,

RON SCHOOF
Chairman, Joint Industry Group

HUGHES HUBBARD & REED LLP
Washington, DC 20006–2401
May 19, 2000

Mr. A. L. Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Bldg.
Washington, D.C. 20515

Re: Comments on H.R. 4337

Dear Mr. Singleton:

We are writing on behalf of our client, Lands' End, Inc., to comment in support of H.R. 4337, which would amend the customs laws relating to importation procedures. Lands' End is an importer of textiles, apparel and other articles for catalog sales. Lands' End is generally in favor of the proposed changes and commends Representative Thomas for his sponsorship of this legislation.

H.R. 4337 would make certain changes that are needed to complete the implementation of the 1993 Customs Modernization Act ("Mod Act"). While the Mod Act was intended to provide for a shift from entry-by-entry processing to periodic entry and reconciliation, or an account-based approach, this objective cannot be successfully achieved without the additional amendments provided in H.R. 4337.

Although we agree with most of the changes proposed in H.R. 4337, we do have specific comments with respect to certain sections of the proposed bill. Our specific comments are set forth below.

Section 1—

Section 1(a) of the bill proposes to amend the statute to require the submission of minimal documentation to obtain the release of merchandise. While we agree with the intent of section 1(a), the proposed legislation is ambiguous in describing the relevant requirements. The legislation proposes amending 19 U.S.C. § 1484 to provide that, at the time of entry, the importer need only file such documentation as is necessary to enable the Customs Service to determine whether the merchandise may be released. It does not specify what documentation is required at that point. While it is true that the proposed legislation does contain language specifying what documentation must be submitted at some point in the entry process (either before release or in the entry summary or Importer Activity Summary Statement ("IASS")), it is not clear which portion of the documentation is required for release and which is required later when the entry summary or IASS is filed. It is also unclear what is meant by "unless the Customs Service has granted the importer an alternative means to obtain release."

As set forth in the bill, the list of documentation required to be submitted at some point in the entry process would be as follows:

1. a description of the merchandise;
2. the classification number for the merchandise (to the sixth digit);
3. the country of origin; and
4. other documents required to determine admissibility.

The requirement that the tariff number be stated to the sixth digit before release may not go far enough. Many admissibility decisions require classification to the eighth, or even the tenth, digit. Also, the list does not include documents necessary to establish a value for the merchandise. While we agree that the value of merchandise does not generally affect admissibility, in certain situations, where classification depends on the unit value of the goods, the absence of value information could make it impossible to classify the merchandise.

The amendments proposed in section 1(b) of the legislation would reduce the examination requirements that must be satisfied for release of the merchandise. This language does not appear to be completely consistent with the language of section 1(a) in that it addresses only considerations of health, safety and welfare and the correctness of the description and country of origin. The requirement in section 1(a) that all information needed to determine admissibility be submitted before the merchandise can be released goes further. Admissibility decisions can require more than a correct description of the merchandise, a correct statement of the country of origin, and evidence that there is no threat to health, safety and welfare. For example, admissibility may hinge on whether a proper visa has been obtained for quota merchandise.

Section 2—

We agree with the proposal in section 2 of the bill to provide for remote filing of the IASS.

Section 3—

Section 3 proposes to allow the filing of monthly import activity in the form of an IASS containing information totaled by tariff number, country of origin and any relevant special duty indicators. Any discrepancies between the entry and the entry summary or IASS would be treated as clerical errors (in the absence of fraud).

We certainly agree that discrepancies addressed at the time of the filing of the entry summary or IASS should be treated as clerical errors. However, while we also believe that the monthly aggregate statement filing proposed by the bill is a step in the right direction, we believe it does not go far enough. In effect, the IASS will still be treated like an entry. It may still be necessary, at least in some situations, to go back to a particular entry or shipment if changes are required. For example, an importer may import a single product from a single country but from multiple vendors. If a value adjustment is needed with respect to only one of the vendors and the aggregate reporting method has been used, it may be difficult to make the required adjustment.

Section 4—

We have no objections to or comments on section 4, which would require the Customs Service to prescribe an alternative mid-point interest methodology in calculating interest due on underpayments of duties.

Section 5—

Section 5 proposes to eliminate the requirement to flag entries for reconciliation and provides for reconciliation of any information required by subsection (a)(1)(B) of 19 U.S.C. § 1484. We are in favor of this proposal. Under an account-based approach, it should not be necessary to flag issues at the time of entry because corrections are not made on an entry-by-entry basis. Elimination of the requirement to flag entries will allow importers to correct errors, such as quantity discrepancies, in situations in which it is not known at the time of entry that there may be a problem.

We are concerned, however, that, based on the language used in the proposed legislation, reconciliation may not cover classification and country of origin, as these are not specifically covered in subsection (a)(1)(B) of 19 U.S.C. § 1484. This confusion arises because, as discussed in our comments to section 1 of the bill, it is not clear what documents are meant to be covered by proposed subsection (a)(1)(A) and which are covered by subsection (a)(1)(B).

Section 6—

We wholeheartedly agree with the proposal to net and offset overpayments and underpayments of duties. The practice now in effect is manifestly unfair to importers in that it requires the payment to the Customs Service of any additional duties due, even after liquidation, but does not allow for the refund of overpayments (where liquidation has become final) or the netting of overpayments against underpayments. Many clerical errors are made by the shipper and cannot be controlled by the importer. This proposal would allow the importer to correct mistakes without faulting the importer for mistakes it can not control.

We do have some questions with respect to this section of the bill, however. The bill does not define "relevant period." Also, although we believe the intention is to allow importers to net over-and underpayments with respect to all products imported during the period, without regard to tariff categories or any other criteria, this is not completely clear.

Finally, because the proposed legislation does not appear to provide for refunds from the Customs Service in those situations in which the net amount is an overpayment to the Customs Service, we do not believe the legislation goes far enough. The Customs Service should also be required to pay back any excess amounts collected from the importer.

Sections 7—

We have no comments on sections 7 through 10 of the bill, which address related party sales, drawback, instruments of international traffic and entireties.

In sum, on behalf of our client, Lands' End, we support H.R. 4337. We believe the legislation would be improved if the changes and clarifications described in our specific comments were incorporated into the bill. In particular, we believe there is a need for clarification with respect to a number of the terms used in the legislation.

Respectfully submitted,

JANET A. FOREST

Statement by Mattel, Inc., El Segundo, California

This statement is submitted on behalf of Mattel, Inc. in connection with the April 20 request for public comment by the House Committee on Ways and Means regarding the package of miscellaneous trade bills being prepared by the committee. Mattel strongly supports the inclusion in this package of legislation which would make several technical changes to U.S. Customs laws. This legislation was introduced by Rep. William Thomas as H.R. 4337 on April 13, 2000.

Headquartered in El Segundo, California, Mattel is the world's largest toy company, with 1999 sales of $5.5 billion in over 150 countries. The company has manufacturing, distribution and sales operations in the United States and 35 other countries, with over 7,700 U.S. employees and a global workforce of 31,000.

Mattel, together with other members of the U.S. Business Alliance for Customs Modernization (BACM), strongly supports H.R. 4337 in order to effect full implementation of the 1993 Customs Modernization and Informed Compliance Act ("the Mod Act"). Despite enactment of the Mod Act in December 1993, implementation of the law by Customs has been slow and often selective. Of particular concern, the burden for compliance has been shifted from Customs to the importing community without delivery of the promised administrative efficiencies to reduce both public and private sector costs.

The purpose of H.R. 4337 is to promote modern, cost-effective compliance with import laws. As U.S. duty rates decline, U.S. companies are being forced to commit large resources to build systems and implement procedures to manage import compliance. Having delivered on this responsibility required under the Mod Act, the trade community asks Congress to deliver on its promise to replace the transaction-by-transaction entry process established in 1789 with an account-based option for periodic aggregate filing of import data and payment of duties and fees.

The enactment of H.R. 4337 would remedy the unbalanced implementation of the Mod Act, reduce the drain on Customs resources and facilitate importer compliance. The bill is revenue neutral and will meet or exceed Bureau of Statistics reporting requirements, while providing more accurate trade data in a pre-consolidated manner.

For the foregoing reasons, Mattel strongly supports the Customs entry changes proposed in H.R. 4337 and urges that this legislation be included in the miscellaneous trade package being prepared by the Committee on Ways & Means. Please feel free to contact us should the Committee have any questions regarding this matter.

Respectfully submitted,

THOMAS F. ST. MAXENS

NATIONAL ASSOCIATION OF MANUFACTURERS
WASHINGTON, DC 20004–1790
May 19, 2000

A.L. Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Re: Request for Written Comments on H.R. 4337

The National Association of Manufacturers (NAM) appreciates the opportunity to comment on proposed technical corrections to U.S. trade laws and miscellaneous duty suspensions. On behalf of NAM, I am writing to express support for H.R. 4337, which will ensure full implementation of the 1993 Customs Modernization and Informed Compliance Act (the "ModAct").

As a result of the legislation, the following procedures will be made available that will both modernize the import process and ensure cost-effective compliance with import laws:

- Filing of essential data for cargo release.

Only such information as is necessary to enable the Customs Service to make admissibility and release decisions should be required. H.R. 4337 delineates the types of information that ordinarily would be required at the time of entry. The Customs Service retains the right to seek additional information insofar as the additional information relates to whether the goods may be refused entry into the U.S.

- Periodic filing of aggregate import data.

The law will provide an optional periodic method for aggregate reporting of import data, which should result in a streamlined process for both importers and the U.S. government. By moving from a transaction-based to an account-based system, the Customs Service will be able to free additional resources directed to the protection of U.S. borders.

- Periodic payment of duties, taxes and fees.

This provision simply delivers on the "ModAct" promise of a modern, account-based system that augments current import requirements.

These are just some of the improvements and clarifications introduced by H.R. 4337. We are confident that they will result in a more modern, efficient customs process, improved trade data and enhanced compliance—goals which we share with the U.S. government.

Sincerely,

FRANK VARGO
Vice President

NATIONAL CUSTOMS BROKERS &
FORWARDERS ASSOCIATION OF AMERICA
WASHINGTON, DC 20036
May 17, 2000

The Honorable Philip Crane
Chairman, Subcommittee on Trade
Committee on Ways and Means
U.S. House of Representatives
1104 Longworth House Office Building
Washington, DC 20515

Dear Congressman Crane:

The National Customs Brokers and Forwarders Association of America (NCBFAA) appreciates the opportunity to provide our views on miscellaneous tariff proposals now open to public comment. We are particularly interested in H.R. 4337, sponsored

by Mr. Thomas and supported by the Business Alliance for Customs Modernization (BACM).

NCBFAA is on record as supporting the general direction of this legislation. We believe that fundamental changes can indeed be made to the customs entry process and we have supported BACM's initiatives in this regard. It is important to understand that theirs are the interests of the twenty largest, most reputable importers/exporters in the United States. They have large numbers of transactions, shipping large volumes of merchandise throughout the world and, in many instances, deal extensively with related parties. Global commerce demands that Customs operations become transparent and do not constitute further hurdles to a company's logistics flow. Thus, there is, in H.R. 4337, a statutory recognition of a "Track IV" concept that would permit Customs to design processes tailored to the unique circumstance of these largest importers/exporters.

Simultaneously though, it is also incumbent on the Congress to look for ways to streamline the entry process for the remaining 80% of the entries and 98+% of importers. Small and medium-sized companies are the engine of international commerce and arguably are in even more need of avoiding the delays and expense consequent to traditional Customs processes. Thus, in addition to changes accommodating the largest importers, we offer the following concepts that should be included in any discussion of reforming Customs procedures.

1. A new money management system for Tracks I, II & III. In our meetings, Customs has correctly pointed out that payment of duties and other collections on a transaction-by-transaction basis is inefficient from both Customs' and the importer's perspective. They create analogies to the income tax payment system and the commercial credit card system whereby payment is handled separate from the transaction and accumulated in some fashion that permits periodic payment without loss of revenue to the government.

In reviewing Customs' proposal, NCBFAA favors a business account statement approach presently used by most businesses for acquisitions of both hard goods and services. Such an approach would permit the importer and/or his broker to manage the statement—both its credits and debits—using the importer IRS number as the identifier. Payment or refunds would be made at any juncture, based on the importer's business practices and the establishment of a reasonable time for a lump sum payment of duties.

In advancing the concept of a money management system, the government clearly recognizes the savings that an accumulated transaction approach can offer. The challenge ahead will be to establish revenue neutrality and promote cash flow without imposing interest for accounts paid within a reasonable period. Interest is not levied today on routine transactions and would not be supportable for a new money management system. NCBFAA therefore proposes the model now employed by the government in collecting IRS taxes on distilled spirits, beer and wine. Here, entries released in a given month are due and payable by the 15th of the following month.

We believe that separating data from revenue has many compelling advantages. It is important that any approach be simple and easy to administer. We know that the existing system of convoluted interest calculations is unpopular and counterproductive. NCBFAA is willing to work with the Congress, and, in turn, the Customs Service to develop a practical alternative

2. Establish a "corrective period" and eliminate "reconciliation" for the vast majority of filers for other than Track IV filers.

Implicit in the reconciliation process, now existing at Customs, is the recognition that errors occur and their correction should be encouraged. Reconciliation was a step in that direction, but it has become unworkable for the importing public and for Customs. A primary source of its fallibility is the requirement that importers, contemporaneous to filing the entry, "flag" that entry for possible subsequent revision. This simply does not work. A better approach, we think, is to extend the statutory liquidation period to 18 months after entry. During that period, an importer may electronically correct the entry summary and apply any duties, fees, interest or refunds to his statement. Everyone benefits when good faith errors are corrected and adjustments are made voluntarily. It would also dramatically reduce personnel demands on Customs.

NCBFAA welcomes the idea of an electronic entry correction period, reasonably for the 18 month period after the entry summary is filed. During this timeframe, an importer or his broker can revise the record relating to a particular entry and make the necessary adjustments required by Customs. This would dramatically reduce personnel demands on Customs over the existing reconciliation system (e.g. eliminating SILs and the consequent Customs input of entry corrections). Finally,

we believe strongly that, in the context of these reforms, the concept of liquidation, and the finality it achieves, must be retained.

* * * *

NCBFAA makes these comments in anticipation of a formal review by the Committee as it proceeds with this legislation. We look forward to further presenting our views.

Sincerely,

Peter H. Powell, Sr.
President

cc: The Honorable Bill Thomas

SONY ELECTRONICS INCORPORATION
PARK RIDGE, NEW JERSEY 07656–8003
May 16, 2000

A.L. Singleton, Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Re: HR 4337—To Amend The Customs Laws

Dear Chairman Archer:

Sony Electronics Inc. is writing to request your full support for HR 4337, a bill to modernize and simplify customs processes, as intended by the 1993 Customs Mod Act. Current customs processes are mired in arcane and antiquated procedures. In many ways, we are operating as if we were still in the 19th century. Even as duty rates decline, our company is expending ever-increasing amounts on inefficient transaction-by-transaction customs administration. It is a drag on business and creates unnecessary costs for purchasers and consumers.

HR 4337 will create an unambiguous mandate for efficient account-based processing options. While leaving the right of the Customs Service to inspect inbound cargo untouched, it will allow certain information to be compiled and submitted on a periodic, consolidated basis, the same way that businesses operate.

Supporters of HR 4337 have made an utterly stunning and incisive observation. Current customs regulations are the equivalent of requiring a retail merchant to report sales tax transactions for each sale instead of on an aggregate basis. Further, that merchant would have to accurately report quantities and values before ever having the opportunity to take count.

With the passage of HR 4337, we can rectify the situation described above. Importers have already taken on new and additional responsibilities, some formerly the exclusive province of Customs. For example, under the Mod Act, we became responsible for using reasonable care to appraise and classify merchandise. We also became subject to significant new penalties for violations. Yet, we have not obtained the *quid-pro-quo* for the numerous burdens undertaken.

HR 4337 is the mechanism to fulfill the promise of the Mod Act. We ask you to support it as a means to fair and modernized customs processes.

Sincerely,

FRANK M. LESHER

STEWART AND STEWART LAW OFFICE
WASHINGTON, DC 20037
May 19, 2000

Mr. A.L. Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth Building
Washington, D.C. 20515

Re: H.R. 4337—Comments of The Timken Company

Dear Mr. Singleton:

The Timken Company appreciates the opportunity to submit comments to the Committee on Ways and Means of the House of Representatives regarding H.R. 4337, which would amend U.S. customs laws relating to import procedures.[1] As a domestic industry that has used the unfair trade laws, The Timken Company is concerned that changes proposed to customs laws in H.R. 4337 not undermine the effectiveness of antidumping and countervailing duty laws and other import relief laws.

As noted below, The Timken Company would like to see H.R. 4337 amended (1) to provide for the notation of antidumping or countervailing duty orders or any other trade law relief measures at time of entry and in import activity summary statements and (2) to bring the language of H.R. 4337 regarding transaction values of imported merchandise more closely in line with current law.

I. Notation of Antidumping or Countervailing Duty Orders at Time of Entry and in Import Activity Summary Statements

The Timken Company understands that the purpose of H.R. 4337 is to streamline and simplify filing procedures for importers. Accordingly, the bill calls for the filing of minimal information by importers at the time of entry. H.R. 4337 at Section 1(a)(2)(C) would require that importers provide the Customs Service upon entry a description of the merchandise, the merchandise's tariff classification, its country of origin, and admissibility documentation.

H.R. 4337 also provides for minimal reporting of information in import activity summary statements. Under Sections 3(a)(2) and (c) of the bill, importers would report tariff numbers, countries of origin, and special program indicators, *e.g.*, GSP, on these statements.

Under existing law, importers of merchandise subject to antidumping and countervailing duty orders are required to make deposits of estimated special duties upon entry.[2] As this requirement will continue under H.R. 4337, the Customs Service should ensure that any new forms or streamlined procedures maintain the present system for ensuring compliance with the requirements: importers have to indicate on their entry forms that their merchandise is subject to an order and make special duty deposits at the time of entry.

The Timken Company respectfully requests that H.R. 4337 be amended to require that importers note at time of entry and in importer activity summary statements whether the reported merchandise is subject to an antidumping or countervailing duty order or any other trade law relief measures. The Timken Company is concerned that, through the streamlined process proposed in H.R. 4337, the Customs Service may in some cases be unaware as to whether imported products are subject to antidumping and countervailing duty orders or other trade law relief measures. This circumstance could result in the Customs Service inadvertently failing to suspend liquidation on some entries. Such a situation could be obviated, however, if Customs were put on notice at time of entry or through importer activity summary statements whether imported merchandise is subject to antidumping and countervailing duty orders or other trade law relief measures.

II. Transaction Values of Imported Merchandise

The Timken Company is concerned about variances of language in H.R. 4337 with current law pertaining to circumstances of sale that may be considered in deter-

[1] *See* Advisory from the Committee on Ways and Means, Subcommittee on Trade, No. TR–20, April 20, 2000.
[2] *See* 19 U.S.C. § § 1671e(a)(3) and 1673e(a)(3).

mining whether "transaction values" may be used in related party import transactions.[3] Section 7 of H.R. 4337 states

> In determining whether the circumstances of the sale of the imported merchandise indicate that the relationship between the buyer and seller did not influence the price actually paid or payable, there shall be taken into account other sales during a representative timeframe in the normal course of trade in merchandise of the same class or kind.

The Timken Company has two specific concerns regarding this language. First, the language "merchandise of the same class or kind" in Section 7 is significantly broader than current law regarding transaction values between related buyers and sellers. Current law, 19 U.S.C. § 1401a(b)(2)(B)(i), compares the transaction value of imported merchandise and the transaction value of "identical merchandise, or of similar merchandise." The more specific language of the current law provides for closer comparisons between merchandise and is thus viewed by The Timken Company as preferable.

Second, Section 7 of H.R. 4337 does not require that sales be "to unrelated buyers in the United States" as does 19 U.S.C. § 1401a(b)(2)(B)(i). The Timken Company is concerned that the absence of this language in H.R. 4337 could lower the standard for determining the acceptability of "transaction values" in related party transactions.

Accordingly, The Timken Company respectfully requests that Section 7 of H.R. 4337 be amended, first, to replace "merchandise of the same class or kind" with "identical merchandise, or of similar merchandise," and second, to add "to unrelated buyers in the United States" at the end of Section 7.

III. Conclusion

The Timken Company would be pleased to participate further in the development of H.R. 4337. If you have any questions regarding The Timken Company's position on this legislation, we may be reached at (202) 785–4185.

Sincerely,

TERENCE P. STEWART
WILLIAM A. FENNELL
DAVID S. JOHANSON
Special Counsel to
The Timken Company

STEWART AND STEWART LAW OFFICE
WASHINGTON, DC 20037
May 19, 2000

Mr. A.L. Singleton
Chief of Staff
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth Building
Washington, D.C. 20515

Re: H.R. 4337—Comments of the Torrington Company

Dear Mr. Singleton:

The Torrington Company appreciates the opportunity to submit comments to the Committee on Ways and Means of the House of Representatives regarding H.R. 4337, which would amend U.S. customs laws relating to import procedures.[1] As a domestic industry that has used to the unfair trade laws, the Torrington Company is concerned that changes proposed to customs laws in H.R. 4337 not undermine the effectiveness of antidumping and countervailing duty laws and other import relief laws.

As noted below, the Torrington Company would like to see H.R. 4337 amended (1) to provide for the notation of antidumping or countervailing duty orders or any

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[3] Please note that H.R. 4337 refers to "19 U.S.C. 1401(b)(2)." The Timken Company believes that the bill was intended to read "19 U.S.C. 1401*a*(b)(2)."

[1] *See* Advisory from the Committee on Ways and Means, Subcommittee on Trade, No. TR–20, April 20, 2000.

other trade law relief measures at time of entry and in import activity summary statements and (2) to bring the language of H.R. 4337 regarding transaction values of imported merchandise more closely in line with current law.

I. Notation of Antidumping or Countervailing Duty Orders at Time of Entry and in Import Activity Summary Statements

The Torrington Company understands that the purpose of H.R. 4337 is to streamline and simplify filing procedures for importers. Accordingly, the bill calls for the filing of minimal information by importers at the time of entry. H.R. 4337 at Section 1(a)(2)(C) would require that importers provide the Customs Service upon entry a description of the merchandise, the merchandise's tariff classification, its country of origin, and admissibility documentation.

H.R. 4337 also provides for minimal reporting of information in import activity summary statements. Under Sections 3(a)(2) and (c) of the bill, importers would report tariff numbers, countries of origin, and special program indicators, *e.g.*, GSP, on these statements.

Under existing law, importers of merchandise subject to antidumping and countervailing duty orders are required to make deposits of estimated special duties upon entry.[2] As this requirement will continue under H.R. 4337, the Customs Service should ensure that any new forms or streamlined procedures maintain the present system for ensuring compliance with the requirements: importers have to indicate on their entry forms that their merchandise is subject to an order and make special duty deposits at the time of entry.

The Torrington Company respectfully requests that H.R. 4337 be amended to require that importers note at time of entry and in importer activity summary statements whether the reported merchandise is subject to an antidumping or countervailing duty order or any other trade law relief measures. The Torrington Company is concerned that, through the streamlined process proposed in H.R. 4337, the Customs Service may in some cases be unaware as to whether imported products are subject to antidumping and countervailing duty orders or other trade law relief measures. This circumstance could result in the Customs Service inadvertently failing to suspend liquidation on some entries. Such a situation could be obviated, however, if Customs were put on notice at time of entry or through importer activity summary statements whether imported merchandise is subject to antidumping and countervailing duty orders or other trade law relief measures.

II. Transaction Values of Imported Merchandise

The Torrington Company is concerned about variances of language in H.R. 4337 with current law pertaining to circumstances of sale that may be considered in determining whether "transaction values" may be used in related party import transactions.[3] Section 7 of H.R. 4337 states

> In determining whether the circumstances of the sale of the imported merchandise indicate that the relationship between the buyer and seller did not influence the price actually paid or payable, there shall be taken into account other sales during a representative timeframe in the normal course of trade in merchandise of the same class or kind.

The Torrington Company has two specific concerns regarding this language. First, the language "merchandise of the same class or kind" in Section 7 is significantly broader than current law regarding transaction values between related buyers and sellers. Current law, 19 U.S.C. § 1401a(b)(2)(B)(i), compares the transaction value of imported merchandise and the transaction value of "identical merchandise, or of similar merchandise." The more specific language of the current law provides for closer comparisons between merchandise and is thus viewed by the Torrington Company as preferable.

Second, Section 7 of H.R. 4337 does not require that sales be "to unrelated buyers in the United States" as does 19 U.S.C. § 1401a(b)(2)(B)(i). The Torrington Company is concerned that the absence of this language in H.R. 4337 could lower the standard for determining the acceptability of "transaction values" in related party transactions.

Accordingly, the Torrington Company respectfully requests that Section 7 of H.R. 4337 be amended, first, to replace "merchandise of the same class or kind" with "identical merchandise, or of similar merchandise," and second, to add "to unrelated buyers in the United States" at the end of Section 7.

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[2] *See* 19 U.S.C. § § 1671e(a)(3) and 1673e(a)(3).

[3] Please note that H.R. 4337 refers to "19 U.S.C. 1401(b)(2)." The Torrington Company believes that the bill was intended to read "19 U.S.C. 1401*a*(b)(2)."

III. Conclusion

The Torrington Company would be pleased to participate further in the development of H.R. 4337. If you have any questions regarding the Torrington Company's position on this legislation, we may be reached at (202) 785–4185.

Sincerely,

TERENCE P. STEWART
Wesley K. Caine
Geert De Prest
David S. Johanson
Special Counsel to
The Torrington Company

SHARRETTS, PALEY, CARTER &
BLAUVELT, P.C.
WASHINGTON, DC 20036
May 19, 2000

Mr. A. L. Singleton
Chief of Staff, Committee on Ways and Means
U. S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Re: Request for Written Comments on Technical Corrections to U.S. Trade Laws and Miscellaneous Duty Suspension Bills

Dear Mr. Singleton:

The Toy Manufacturers of America, Inc. (TMA) wishes to express its support for passage of H.R. 4337 as a crucial part of this year's technical corrections and miscellaneous duty suspension legislation. TMA, founded in 1916, is a New York based non-profit trade organization of 290 member companies involved in toys, dolls, games, holiday decorations and related products. TMA member companies account for approximately 85% of the $20 billion of toys sold in the United States annually. TMA member companies include multi-national corporations, small family owned businesses, manufacturers, design firms, professional inventors and toy testing companies.

TMA supports H.R. 4337 because it will promote up-to-date and cost effective compliance with US import laws. The Customs Mod Act, which was passed in 1993, was toted as legislation, which would deliver significant administrative benefits to the importing community. It has not lived up to its advance billing. Although duties have been eliminated for most products imported by TMA member companies, many toy industry participants find that they are still spending disproportionate resources on Customs compliance. Enactment of H.R. 4337 will allow for a fuller implementation of the Mod Act, as originally intended by Congress. It will allow for simplified aggregate reporting of import data. It will allow Customs to implement a true "Account Management System." It will facilitate modernization under the ACS environment, and probably reduce the cost of implementing ACE. It will accomplish these goals without impeding the ability of Customs to inspect incoming cargo and determine its admissibility. Finally, H.R. 4337 is revenue neutral.

In light of the above, TMA urges that Congress enact H.R. 4337 as part of this year's technical corrections and miscellaneous duty suspensions legislation. If you have any questions regarding this submission, please do not hesitate to contact the undersigned.

Very truly yours.

M. BARRY LEVY,
Trade Counsel for
Toy Manufacturers of America, Inc.

cc: David A. Miller, President, TMA

U.S. BUSINESS ALLIANCE FOR
CUSTOMS MODERNIZATION
May 19, 2000

The Honorable Bill Archer Chairman,
House Ways and Means Committee
1236 Longworth House Office Building
Washington, D.C. 20515–4307

The Honorable Philip M. Crane Chairman,
House Ways and Means Trade Subcommittee
233 Cannon House Office Building
Washington, D.C. 20515–1308

Re: H.R. 4337

Dear Chairman Archer and Chairman Crane:

This letter is submitted in strong support of H.R. 4337 by the U.S. Business Alliance for Customs Modernization ("BACM"). BACM includes companies that span the major industrial sectors. For example, in the automotive sector, BACM includes General Motors, Ford, DaimlerChrysler, American Honda, Toyota, and Nissan. In the computer, electronics and telecommunications sector, BACM includes Hewlett Packard, Compaq, Sony Electronics, General Electric and Nortel Networks. In the retail sector, BACM includes Sears, J.C. Penney Co., Mattel, Target Corporation, and Wal-Mart. In agribusiness, BACM includes Sara Lee and Pillsbury. In petroleum and chemicals, BACM includes BP-Amoco and DuPont.

Each of our member companies depends upon the smooth and efficient administration of the customs laws and regulations in order to run its business. Each of our member companies has extensive experience in dealing with the import process and interfacing with the United States Customs Service. Therefore, BACM and its member companies are uniquely well-qualified to comment upon H.R. 4337, which proposes changes to the customs entry process.

BACM fully supports the provisions in H.R. 4337 that seek to complete implementation of the unfulfilled promises of the 1993 Customs Mod Act. For convenience, we attach a "Statement of Purpose" that explains each section of the bill in detail. H.R. 4337 would allow for true account-based processing and customs administration that is consistent, reasonable and efficient. It would make customs transactions more businesslike, thus reducing unnecessary work and administrative costs.

Most important, H.R. 4337 would ensure that the Customs Service implement the mandate in the Mod Act to allow for "account-based" processing, including the importer activity summary statement or IASS. Although the Congress intended that importers be given the option to report import information to the Customs Service in an aggregate and periodic form using the IASS procedures, the Customs Service has utterly failed to implement this mandate. The provisions in H.R. 4337 would make it clear to the Customs Service that it cannot continue to disregard and ignore the intent of Congress, and that it must implement all provisions of the Customs Mod Act.

In addition, H.R. 4337 would make clear that at the time of import, an importer should be required to report only that information necessary to confirm that the goods may properly enter the U.S. commerce. This requirement would in no way decrease or otherwise limit the responsibility and authority of the Customs Service to inspect merchandise that arrives at our nation's borders. However, it would allow the Customs Service to focus its resources more effectively on identifying those shipments of merchandise that should be denied entry into the United States. At this point in the entry process, issues that do not affect admissibility (such as value) can be deferred without risking the revenue, security or national interests of the United States.

The member companies of BACM strongly support H.R. 4337, and we greatly appreciate your active support and co-sponsorship of this important legislation. Please call me at 858–942–2441 if you have any questions or need additional information.

Sincerely,

JAMES P. FINNEGAN
Chairperson

Year 2000 Customs Trade Legislation

STATEMENT OF PURPOSE

The purpose of the Year 2000 Customs Trade Legislation is to help fulfill the 1993 Customs Mod Act mandate that customs commercial operations be modernized and simplified.

From its very earliest days, the Customs Service's commercial operations process has been transaction-based. This means that all of the information necessary to appraise and classify imported goods has been collected on an entry-by-entry (shipment-by-shipment) basis. For the companies that conduct the majority of trade into the U.S., tens of thousands of entry summaries must be filed yearly covering each discrete import shipment.

The Customs Service's treatment of these individual declarations does not take into full consideration the totality or context of the importer's business. Moreover, under this antiquated system, importers are required to file data before they have had any reasonable opportunity to confirm and reconcile the required information. In many ways, it is the equivalent of requiring a retail merchant to report sales taxes for each sale instead of on a periodic consolidated basis. The net result is that despite declining duty rates, businesses are spending ever-increasing amounts, and devoting more and more corporate resources, on customs compliance and administration.

The Mod Act was intended to remedy the entry-by-entry operations problem by providing importers with access to account-based processing. In exchange for agreeing to new civil penalties and accepting responsibility for the classification and appraisement of imported merchandise (which was formerly the exclusive responsibility of the Customs Service), the trade community was to gain periodic entry (in the form of an "import activity summary statement"), the ability to "reconcile" (or adjust) import information, faster release, remote filing and other programs. Notwithstanding the expressed intent of the Congress in the Mod Act, the Customs Service's commercial operations remain transaction-based. Some Mod Act programs have never been implemented. Others have been subject to only limited, prototype implementation.

Although Mod Act implementation has been hampered by obstacles associated with the Customs Service's antiquated computer system, a new system alone will not address industry's concerns about the stalled modernization effort. The Customs Service's public notices and pronouncements about future plans (e.g., Entry Revision Project ("ERP")) continue to limit the benefits of the Mod Act bargain. The present legislation is intended to dispel any lingering ambiguity about what the Mod Act provided. It will supply the Customs Service with a clear mandate to implement efficient account-based processing options.

As a benefit, this legislation will free the Customs Service and the trade community from cumbersome and inefficient procedures. It will enable Customs to redirect more effort to the protection of the country's borders. As an additional benefit, the collection of trade statistics will be enhanced because importers will be able to file monthly-consolidated information maintained in the ordinary course of business, which will insure the greatest possible statistical accuracy.

The provisions of this legislation are intended to clarify the additional importer options for commercial operations processing intended by the Congress in the Mod Act. However, this legislation does not alter or restrict the availability of current "entry/entry summary" procedures.

A summary of each provision of the bill is attached hereto.

SECTION 1. MINIMAL DATA REQUIRED TO RELEASE IMPORTED MERCHANDISE FROM CUSTOMS CUSTODY

The trade community fully acknowledges and supports the mission of the Customs Service to prevent the introduction into U.S. commerce of dangerous and harmful goods. However, this mission is separate from and should not be confused with the collection of revenue and the administration of the customs laws in general. The government should not require commercial importers to present more information at the time of importation than is necessary to determine whether merchandise should be released from Customs' custody. All other information can be presented at a later time. Section 1(a) of the bill delineates the types of information that would ordinarily be required at the time of entry. At the same time, it preserves the Customs Service's right to seek additional information about any particular shipment, but only insofar as the additional information relates to whether the goods may be refused entry into the U.S.

Section 1(b) also amends the law to delineate the proper subjects of import examinations. Inspections of merchandise should not be used as a punitive enforcement measure. For example, a Customs Service determination that an importer has failed to correctly report dutiable value should not result in increased examinations, because inspections of merchandise are not able to yield information about whether the importer has paid the agreed upon price. On the other hand, the bill envisions that the Customs Service will continue unimpeded in its right to examine imports to determine admissibility and to enforce all laws for which the physical inspection of the merchandise is relevant and material. For example, it may properly inspect the merchandise to determine whether it is properly marked, subject to antidumping, visa or other requirements. Section 1(c) conforms the definition of "electronic entry" to the information necessary to determine whether an examination must be conducted by Customs.

SECTION 2. REMOTE FILING

The following section of this bill, Section 3, clarifies that importers will have an option to file one import activity summary statement ("IASS") per month in lieu of entry summaries for each individual transaction, as currently required by the Customs Service. Section 2 amends the Mod Act "remote location filing" section to conform with this option. Remote filing currently contemplates the filing of an electronic entry summary, but not the filing of an IASS. Section 2 remedies this by establishing that remote filing depends upon the capability to file either the entry summary or the IASS electronically.

SECTION 3. IMPORTER ACTIVITY SUMMARY STATEMENT CLARIFICATION

The Mod Act defined the "import activity summary statement" ("IASS") as the periodic transmission of data or information which enables Customs to assess duties, taxes and fees on merchandise imported during that period, collect accurate trade statistics and determine whether other applicable legal requirements are met. See 19 U.S.C. § 1401(r). The Act further provided in amended § 1484(a)(2)(A) that the IASS would cover entries made during the calendar month and would be filed no later than the 20th day of the following month. The purpose was to permit importers "to handle Customs transactions in a more business-like way, reducing paperwork and many of the administrative costs. The import activity summary statement is the electronic transmission, periodically, of the information now contained in individual entry summaries. Major U.S. companies will increase their competitiveness through cost reduction by being able to submit information in batch form." H.R. Rep. No. 103–361 (1993).

Despite this clear mandate, importers have never seen the IASS implemented and must continue to file all import information on an individual entry basis. Further, because importers are unable to compile, verify and batch their import information, each discrete transaction must be reported with 100% accuracy within ten business days of entry. Failure to do so can result in penalties and/or adverse audit findings upon later discovery of variances. This process is directly contrary to business accounting processes, whereby data is subject to validation, a monthly accounting close process and reporting. In business, individual variances are often offset and records will reflect the 100% accurate net activity for the period.

The Customs Service's current transaction-based approach skews results. For example, from time-to-time all commercial invoices for imports are subject to manual keying errors. On one shipment during the month certain data may be over reported, in another shipment of the merchandise it may be underreported. The two transactions may cancel each other out entirely, and the net result will be correctly reflected in the records. For the Customs Service's purposes, however, each transaction is errant, no matter the end result. This is completely antithetical to an account-based approach.

The proposed legislation will clarify that an importer has the right to declare its information either using the current individual entry summary system or by filing a monthly IASS. As a practical matter, the IASS will resemble an individual entry summary, except that it will contain aggregate information for the entire month. Thus, for example, suppose an importer now files 30 entry summaries per month, each one for imports of Products A, B and C. The IASS will also entail three line items, but with totals for A, B and C for the entire month.

The proposed Section 3, will, in main part, permit the importer to segregate and total the information by tariff number, country of origin and special program indicator (e.g., GSP), the same way now permitted for entry summaries. See Subsection (a)(2). Thus, the importer will be responsible for using reasonable care to present correct monthly data, and (absent fraud) individual shipment variances will be dis-

regarded. Pursuant to subsection (c), importers would not have to list the activity for each and every entry during the month, which could overload the Customs Service system with an excessively large number of data lines, all at once. Finally, the IASS would be treated just like any other entry summary for purposes of administration of the customs laws, including the payment of duties, taxes, fees and drawback.

The Customs Service has refused to implement the IASS, instead opting merely for periodic payment proposals and most recently, periodic entry follow-up with full detailed entry-by-entry data. Any proposal that stops short of the business-like ability to consolidate and report data periodically fails to truly modernize customs practices in the manner intended by Congress.

SECTION 4. MID-POINT INTEREST

This section re-authorizes mid-point interest, first established as part of Pub. L. 106–36. The purpose is to authorize a means of collecting interest on duty underpayments without having to resort to entry-by-entry calculation, consistent with the overall goals of this bill.

SECTION 5. RECONCILIATION CHANGES/CLARIFICATION

Reconciliation is the means to later report information relating to imports that is undetermined at the time the entry summary or IASS is filed. The problem for importers and the Customs Service is that Customs requires the reconciliation to be connected to individual entries by means of a "flag" in Customs' automated system. This is the same transaction-based approach that has created huge burdens for Customs and the trade community. In keeping with the spirit of the Mod Act, Section 5(1) of the bill would eliminate the requirement that each entry be flagged for reconciliation. The underlying premise is that import information is presumptively correctable via a reconciliation. For example, the actual quantity of goods imported is never known for sure until the merchandise is physically received and counted. This may occur long after entry. Subsection (2) would allow elements such as quantity to be reconciled.

SECTION 6. NETTING AND OFFSETTING

Section 6(1) of the bill reaffirms that importers should be encouraged to file the best, most accurate information with Customs, even if the foreign shipper makes clerical errors in the preparation of the shipping information. As previously stated with respect to the IASS and reconciliation, in general, periodic summary statements and adjustments filed via reconciliation are geared to allowing the importer to rely on its own business accounting records, verified and recorded pursuant to Generally Accepted Accounting Principles. This contrasts with current Customs requirements, which force importers to rely upon the shipper's untested information (e.g., commercial invoice information), which accompanies shipments for export to the U.S.

The idea that importers be able to use their own accounting information is consistent with the Mod Act, which placed responsibility on importers to use reasonable care. Reasonable care requires diligence with respect to information and records under the importer's control. On the other hand, the importer cannot control whether clerical errors are made with respect to information prepared by the foreign shipper.

For example, following importation the importer will gather within its accounting system the total quantity imported and the amount paid to the foreign seller. Permitted time to compile this information, the importer will report it to Customs, in reliance on its own records, instead of using a best estimate based on information contained in unverified commercial shipping documents prepared by the shipper. If the importer correctly reports quantities and values in its entry summary, IASS and/or reconciliation, the importer should not be faulted for clerical errors made by the shipper in preparing the shipping information, as the latter was not under the importer's control. Therefore, variances in the shipping information from the correct information presented by the importer to Customs should be considered clerical errors, absent intent to misuse or misrepresent the shipping information in a fraudulent manner. Section 6(1) of the bill accomplishes this purpose.

Section 6(2) recognizes that within an account-based approach, individual transactions that cancel each other out should not be recognized for Customs' enforcement. Rather, only the net variances (e.g., the net amount of unreported value) should count against the importer. Finally, Section 6(3) allows importers to offset duty overpayments against underpayments for purposes of Customs enforcement ac-

tions and prior disclosures. It is fundamentally unfair for duty collection to be exclusively one-sided in favor of the Customs Service.

SECTION 7. CIRCUMSTANCES OF SALE

In transactions between related parties, the price will not be used if it is determined, by an examination of the circumstances surrounding the sale, that the relationship of the parties affects the price. In making this determination, the Customs Service now views individual U.S. import prices in isolation. A finding that one or two transactions are affected in this manner can result in a prohibition against the importer using Transaction Value (price paid or payable) for all of its imports. In keeping with the account-based approach of this bill, the Customs Service would be required to make sure that the circumstances of sale are examined for a representative period. Section 7 would prevent aberrations from being used to disqualify price-based Transaction Value.

SECTION 8. DESTRUCTION DRAWBACK

The first provision conforms the statute to the current Customs regulations and practice by allowing destruction within the same timeframe as exportation. The second provision is dedicated exclusively to promoting environmentally sound disposition of duty drawback eligible product. At present, drawback is allowed on products that are exported or destroyed, provided that the destruction does not result in residual commercial value. Recycling and other ecologically sound processes usually yield some valuable waste, resulting in drawback forfeiture. Rather than lose drawback, many claimants export the products overseas where there may not be environmentally sensitive disposal procedures. This provision would eliminate the recycling disincentive by allowing drawback where there is valuable waste. However, the drawback available to the claimant would be reduced to account for the residual commercial value. This would align the claim process with the current practice for valuable waste in manufacturing drawback claims.

SECTION 9. INSTRUMENTS OF INTERNATIONAL TRAFFIC

Instruments of International Traffic ("IIT's") are containers and shipping devices that are not imported into the U.S. as articles of commerce. Rather, they are intended to continue in use in international traffic. The problem is that these items, which include racks and boxes, are widely dispersed and nearly impossible to track in order to prove that they have not been removed from international traffic. This section is intended to remedy the tracking problem by subjecting them to the exclusions contained in the Harmonized Tariff Schedules of the United States.

SECTION 10. ENTIRETIES

Importers of factory lines and other production equipment are faced with a very unique problem. In many instances the machinery is simply too large to be placed in one shipment. In such cases, the shippers have to break down the equipment into manageable sections or parts. When imported separately into the U.S., the Customs Service treats the equipment as discrete goods instead of as one entirety. Thus, instead of one classification under one entry summary line item, hundreds of classifications and line items in multiple entries may have to be used. Further aggravating the situation is that any post-importation adjustments to dutiable value of the machinery have to be allocated proportionately to the individual entry summary lines. Under Section 10, the importer would have the option of classifying these types of imports under the tariff provision for the complete, finished good, provided certain proof thresholds are met, including an agreement for the purchase of the complete machinery. This tariff treatment is currently allowed by some of the trading partners of the U.S.